

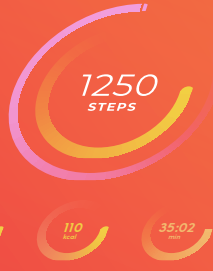


2022

JOHNSON HEALTH TECH  
SUSTAINABILITY  
REPORT



JOIN  
HAPPINESS  
TRUSTY



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# Words from the CEO

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Since founded in 1975, Johnson goes through the hoops for 47 years. We are an equipment and original design manufacturer and gradually expands all over the world. From fitness equipment to massage chair, our brands include VISION, HORIZON, MATRIX, SYNCA and FUJIIRYOKI, offering diverse options. Our vision is to be the best corporation of contributing to human health. Our expectation and mission is to be the best fitness company in the world. Since COVID-19 outbreak, we promote the idea of “be healthy at home” and that besides gym, people can also work out at home. By collaborating with global sales operation partners, we offer quick after-sales repair services. Our revenue reached NT\$ 33,613 million in 2022, 9.21% higher than last year. In view of the efforts made by all employees, we are deeply proud of our achievement.

## Sincerity

We always stay true to our founding mission since Johnson was founded by Chairman Peter Lo. By aiming for the optimal quality and continuing to develop numerous techniques and products, all we want is to offer better, safer products. Since 1996, Johnson has passed ISO 9001 certification and Japan Safety Goods, checks product and service quality in the best way. Meanwhile, we care about environmental impact of our product and have introduced and passed ISO 14001 certification since 2002. Since long ago, Johnson has started to develop power and energy saving products and reduces product waste by product recycling. For product packaging, we especially consider to use paper packaging material to reduce plastic consumption to continue to do our part for Earth sustainability.

## Professional

We care about consumer experience and promote the health concept to the public. During the post-epidemic era, we spent lots of money to hire professional, star-level coaches to promote to roll out a series of fitness courses combining workout equipment with online workout courses. Consumers can enjoy the workout course at home equivalent to the ones at the gym. Johnson never forgets our origin and appreciates partners supporting us by our side along the way. It is these partners that help us

reach this point. These years we support sports games and athletes and expect to promote sports for all through sportsmanship. Every year Johnson continues to donate to colleges, universities and sports games. Meanwhile, we care about society, offer after-school tutoring to children in remote area, and sponsor orphanages. It is our wish to support athletes and give children a great future by showing care.

## Ambition

Johnson sticks to ethical governance principle and strives to convey the value of healthy life and become the patron of healthy life for people around the world. We gradually help Johnson grow and become stronger by continuous innovation and inheritance. We care about Earth sustainability and conduct ISO 14064-1 carbon inventory in 2022. We will keep looking for a chance to prosper and live long with Earth while growing and become the largest, the best health company in the industry around the world.



Johnson Group CEO

羅光廷 Jason Lo

# About Johnson Health Tech

## Key performance of sustainability in 2022

# Join

Engage in Earth sustainability



- ▶ Require all material suppliers to sign the "Guarantee Letter of REACH and RoHS Compliance."
- ▶ Minimize the packaging material and promote recyclable packaging material such as carton.
- ▶ Acquired **15** patents in 2022.
- ▶ Respond to customer complaints in 24 hours and all customer complaints have been handled.
- ▶ Introduce the framework of Task Force on Climate-Related Financial Disclosures (TCFD).
- ▶ The waste is **4.67%** less than previous year.
- ▶ The greenhouse gas emission is **5.34%** less than previous year.
- ▶ The automated storage solar power generator was launched in June 2022. The solar power generated is **441.5%** higher than previous year.

# Happiness

Practice of happy life



- ▶ Performance of all full-time staffs has been completed.
- ▶ All new employees completed 380 minutes of education training in three months.
- ▶ **Four million** NT dollars have been invested into sports team training, marathon and school sports.
- ▶ Collaborate with Warm Breeze Caring Association to provide education in remote areas and invested **2.5 million** in NT dollars.

# Trusty

Reliable ethical governance



- ▶ At least **25%** of the directors and independent directors are female.
- ▶ No significant violation occurred in 2022.
- ▶ Evaluation for all domestic and foreign suppliers was completed.

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## Award and honor for 2022



- ▶ Matrix Performance Plus crawler treadmill won the Golden Award of 30<sup>th</sup> Taiwan Excellence Award.
- ▶ Matrix and Horizon won 22 awards under six categories of BEST BUY.

**Best Elliptical**  
Matrix A50 XUR

**Best Climber**  
Matrix C50

**Best Indoor Cycle**  
Matrix ICR50

**Best Recumbent**  
Matrix R50 XUR

**Best Treadmill**  
Matrix T75 XUR

**Best Upright**  
Matrix U50 XUR

- ▶ 2022 Fitness Awards

### Innovative products

Matrix Performance Plus Touch XL (Platinum)

### Professional Gym Equipment

Matrix Fitness Cardio 2020 Endless Possibilities (Gold)

### Gym Equipment

Matrix Performance Plus Touch XL (Gold)

### Gym Equipment

Matrix Fitness Ultra Series ITC (Silver)

### Accessories/Gadgets

My zone (Bronze)

### Fitness Stores

Independent Fitness Equipment Store. Thessaloniki (Gold)

### After Sales Service (for Gym Equipment)

Matrix Fitness After Sales Department (Gold)

### Home Gym Equipment

Paragon X - Horizon Fitness (Silver)

### Accessories/Gadgets

JOHNSON @ MIRROR (Silver)



- ▶ Matrix officially becomes an official Anytime Fitness global supplier.
- ▶ Horizon won PLUS X AWARD - Best Customer Satisfaction 2022.
- ▶ Recognized as the "Taiwan Top 25 International Brands" by Industrial Development Bureau, MOEA and world-renowned brand identification machine 17 years in a row.
- ▶ Matrix Performance Ascent Trainer was honored the 2023 Taiwan Excellence Silver Awards.

# Company profile

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## Operations overview

As a world-renowned gym equipment company, Johnson holds fast to the philosophy “Sincerity, Professional, Ambition” and aspires to develop health business. In addition, Johnson offers high-quality products and services, and shares the corporate value with customers, employees and society. We actively expands the gym equipment market and we have business and home products. Johnson is already the best in the commercial gym equipment market, and will continue to develop terminal markets, and satisfy needs of different customers. Meanwhile, Johnsons endeavors to stay competitive and continue to launch equipment platform integrating software and hardware, develop new business models, and stays dominant in the business and home market.

## Our brand

Johnson has operating offices and distributors around the world offering products and services to customers everywhere. Diverse options are provided to customers through different brands.

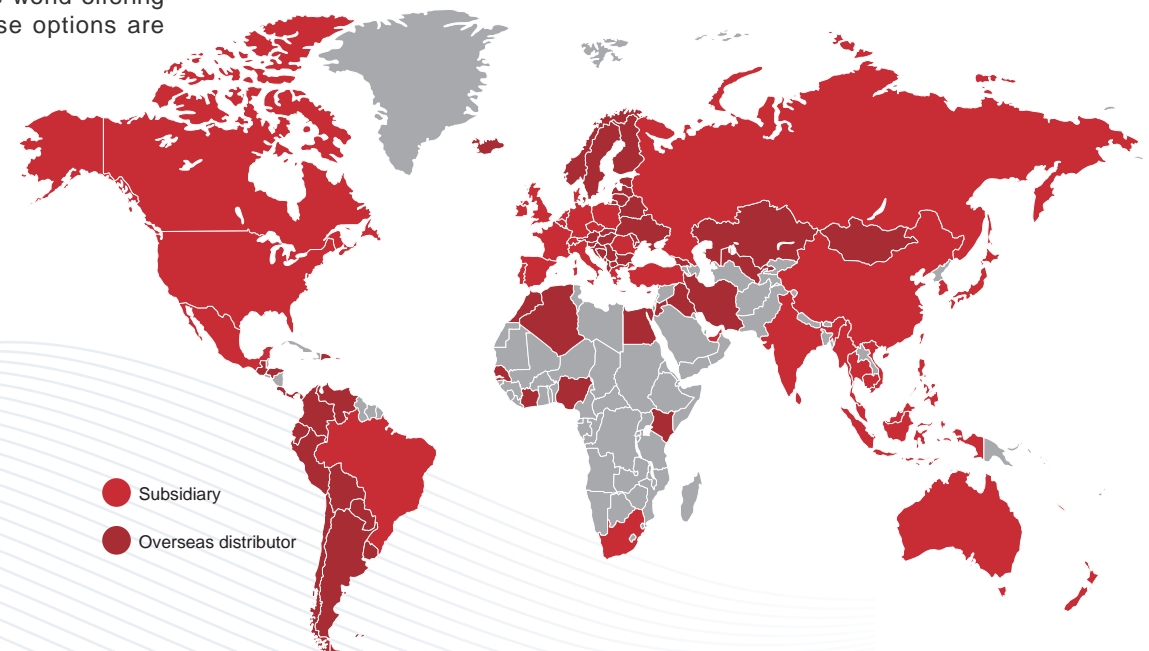
## Global business locations

Johnson has operating offices everywhere, North America, China, Great Britain, France, Spain, Japan, Thailand, Italy, Malaysia, Brazil, Germany, Australia, Vietnam, Poland, Greece, Philippines, Dubai, Mexico, Canada, Denmark, Russia, Indonesia, Czech Republic, Turkish and South Africa. Johnson has 40 subsidiaries, over 470 retailers and distributors, and about 7,400 employees. We attempts to become the company helping people achieve the best health condition. We offer excellent workout and health experience for different cultures, enhance the life and health level for all, and lead the world to a happier, healthier, sustainable new life.

### Company name Johnson Health Tech

Location of headquarter	No. 999, Sec. 2, Dongda Rd., Daya Dist., Taichung City
Date of founding	October 7, 1975
Main types of products and services	We are a listed biomedical company and primarily focuses on manufacturing, trading and domestic and overseas sales of gym equipment, CPR workout equipment, weight training machine, massage chair, and relevant motor, gauge and electronic control board.
Nature of ownership and legal form of the Company	Johnson is a company limited by shares and has been listed in TWSE on January 9, 2003. Its common stock code is 1736.
Number of employees at headquarter	There are 1,286 employees by December 31, 2022.
Paid-in capital	NT\$ 3,036,166,170

Note: The total number of employees here refers to the ones in the headquarter, excluding the number of employees of operators and sellers.



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As a brand known for versatile gym products with high price–performance ratio, VISION offers popular cardiopulmonary equipment for different spaces and budgets to professional retailers and its vertical integration markets, including hotels, families and apartments.



The home gym equipment designed by HORIZON is primarily used for helping people around the world reach their health goal. HORIZON can satisfy the needs of all family members, either for gym beginners or people who train for the next large event.



As a matchless fitness brand, MATRIX aims to provide services to home and club gym lovers. Through dynamic performance fashion design, numerous advanced functions and exclusive training plan, and durability tested by repetitive, severe use throughout all the years, professional gym training experience has been redefined.



As the largest fitness retailer, Johnson devotes its efforts to offer personal experience, encourage people in all ages, help people overcome challenges and break the limits by workout, and eventually help people to become a healthier person with better shape.



SYNCA Wellness is a luxurious health brand offering services to consumers seeking for optimal mental and physical relaxation.



Being a superior health and beauty brand founded over 60 years, FUJIYOIRKI is the first company putting massage chair into mass production. Now it becomes a global leading Japanese massage chair brand and strives for enhancing health level and life quality.

# Economic performance

Johnson is a global fitness and health leader based on family values. In 2022, as global pandemic fluctuates and impact incurred from logistics supply chain delays everywhere, we quickly adjusts operating policies accordingly, actively reinforces retail and online shopping channels, expands all business models, and opens a new blue ocean. We move against the tide and experience growing sales with our outstanding performance and our financial performance in 2022 reaches another success.

## Financial performance 201-1

Unit: Million in NTD

	Item	2020	2021	2022
<b>Direct economic value generated</b>	Revenue	28,368	30,779	33,613
	Cost of revenues	14,969	16,873	19,007
	Operating expense	12,467	13,752	14,821
<b>Distributed economic value</b>	Employee salary and welfare expense	6	7	7
	Cash distribution to shareholders (dividend)	339	151	182
	Non-operating income and expenditure	45	10	519
	Political donation	0	0	0
	Social engagement	2	3	3
	Income tax expense	228	64	79

Note: The economic value reserved in 2022 is 40 million in NT dollars. Refer to [Johnson 2022 financial statement](#) for financial details.

## Government subsidy 201-4

### Financial aid from the government in 2022

Unit: Thousand in NTD

The unit offering the aid	The project to be subsidized	Subsidy amount
National Development Council	Subsidy of interest rate on borrowings for Taiwan entrepreneurs	714
Bureau of Labor Insurance, Ministry of Labor	Wage subsidy for prenatal checkup and paternity leave	29
Ministry of Finance	Exemption for profit-seeking enterprise income tax in the Statute for Industrial Innovation	9,353
<b>Total</b>		<b>10,096</b>

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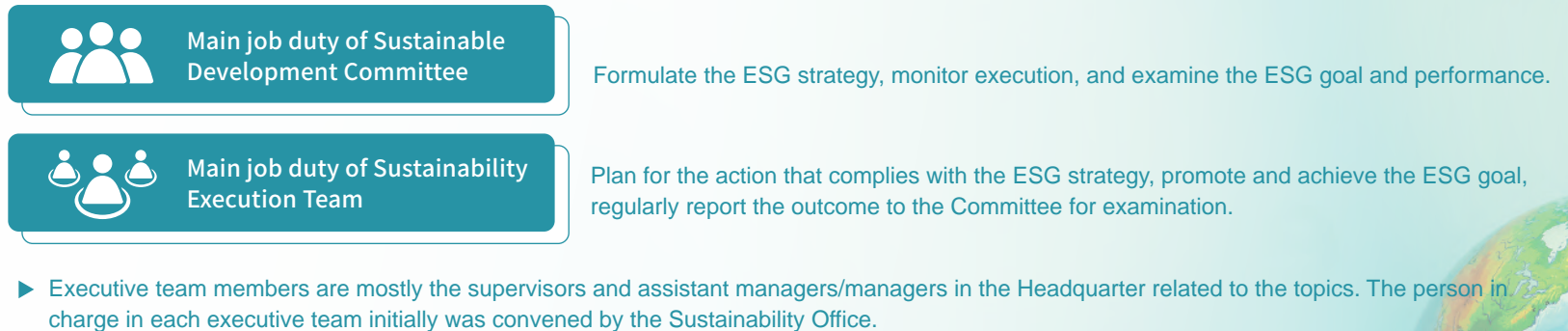
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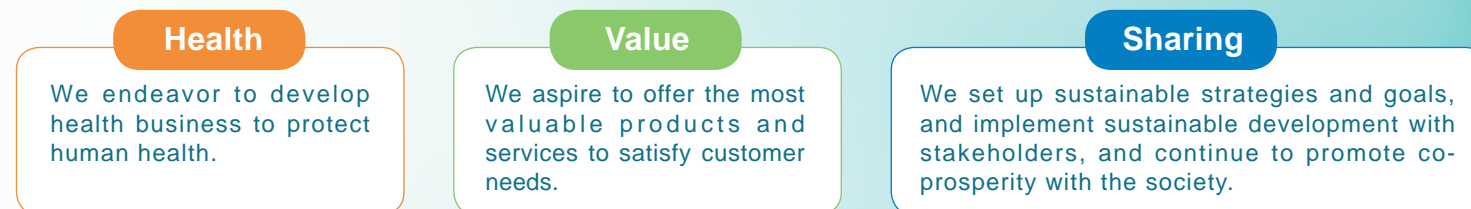
Being a world-renowned gym equipment company, Johnson endeavors to build an excellent, safe workplace, and a technology industry facilitating healthy life for humans. We have established the Sustainable Development (ESG) Committee since 2022. Jason Lo, BOD director and Group CEO, serves as the Chairman of the Committee, and the supervisors of all departments serve as the members of the Committee. Together they regularly supervise the outcome of sustainable development and abides by corporate governance and sustainable development regulations. In addition, under the Sustainable Development Committee, we establish three sustainability execution teams, Earth sustainability, happy life and ethical governance, according to three ESG sustainable development aspects. These teams consist of supervisors of the units related to various sustainable topics, and plan the way to achieve the sustainable goal. The outcome is reported to the Sustainable Development Committee annually, which reports the outcome to the Board of Directors.

### Sustainable development organization

Job duty of members on all levels of Sustainable development organization:



### Johnson's sustainability promise



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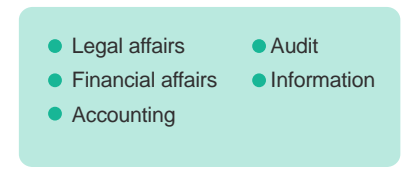
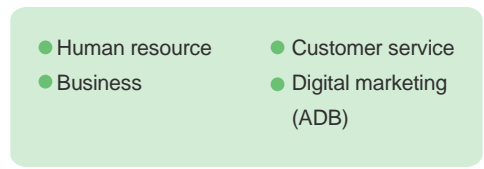
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## Sustainable strategy 2-22

Johnson has been developing in gym and health equipment industry for years and continuing to promote the culture of healthy life for a long time. Our vision is to build a corporation best for human health. Our mission is to become the best, largest global fitness equipment group. Since founded in 1975, Johnson has been steadfast to the corporate value “Sincerity, Professional, Ambition”. We care about all topics related to sustainable development and put them into consideration for risk evaluation, and actively respond to the UN Sustainable Development Goals (SDGs). Three aspects of sustainable strategy, “Engage in Earth sustainability”, “Practice of happy life” and “Reliable ethical governance”, have been formulated, implemented, discussed regularly, and reported to the Sustainable Development Committee to examine and adjust execution of these aspects.

### Johnson’s sustainable strategy pyramid



### Johnson’s sustainable development strategy (JHT)

#### Join Engage in Earth sustainability



Optimize its operation efficiency, develop low-carbon, sustainable products and services, guide sustainable consumption, and elaborate its climate leadership.

#### Happiness Practice of happy life



Start from human rights, develop employee capacity, promote complete welfare, and build a happy workplace and society.

#### Trusty Reliable ethical governance



Strengthen corporate governance system, be responsible for stakeholders, and disclose sustainability information in an ethical, transparent way.

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## Sustainable development goal

To fulfill the three sustainable strategies “Earth sustainability”, “Happy life” and “Ethical governance”, Johnson has convened the Sustainability Execution Team to set up the short, medium and long-term sustainability goals for all sustainability topics. We will reach our goal by carrying out the sustainable action plan, regularly examine the progress, report the progress to the Sustainable Development Committee, to execute supervision, examination, and adjust strategies.

### Earth sustainability goal

Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
Earth sustainability	<b>Development and innovation</b>  9.4	<ul style="list-style-type: none"> <li>✓ <b>Innovation and development:</b> The product manager report the follow-up product development plan at the group meeting regularly every year (twice a year), and discloses the R&amp;D plan and expected investment in the plan for the next three years in the annual report.</li> <li>✓ <b>Intellectual property management:</b> Have established the “Patent search and application procedure” and encouraged employees to apply for patents.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare the innovative, energy-saving product development plan (e.g. the products that are not power-consuming, generate power itself, and output power).</li> <li>• The expense for R&amp;D is 2.2% of the revenue.</li> <li>• The goal is to apply for 15 patents.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop innovative energy-saving products.</li> <li>• The expense for R&amp;D is 2.2% of the revenue.</li> <li>• The goal is to apply for 15 patents.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the percentage of the revenue of innovative, energy-saving products.</li> <li>• The expense for R&amp;D is 2.2% of the revenue.</li> <li>• The goal is to apply for 15 patents.</li> <li>• Introduce the intellectual property management system (e.g. Taiwan Intellectual Property Management System (TIPS), ISO 56005)</li> </ul>	Green Operation Division
	<b>Climate action</b>  13.3	<ul style="list-style-type: none"> <li>✓ <b>Climate change management:</b> The TCFD structure is introduced in the 2022 sustainability report.</li> <li>✓ <b>Greenhouse gas emissions management:</b> Scope 1 and 2 inventories has been executed in Taiwan’s factory in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>• Inventory is executed based on the ISO 14064-1 Greenhouse Gas Inventory Standard.</li> <li>• Draw up the management approach and response strategies based on the RCFD structure. Plan to further analyze the climate-related risk scenario. Quantify finance for impact of transitional and physical risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Complete third-party assurance/verification of individual greenhouse gas inventory for Johnson.</li> <li>• Further draw up and implement response strategy according to the analysis result of climate-related risk scenario.</li> <li>• Participate in the international evaluation (CDP climate change questionnaire, DJSI)</li> <li>• Set up the carbon reduction goal, participate in science-based target (SBTi) initiative, promise to follow the 2030 and 2050 net-zero carbon emission route.</li> </ul>	<ul style="list-style-type: none"> <li>• Greenhouse gas inventory boundary is extended to the entire group (including domestic and overseas factories and sales offices, consistent with the individual boundary included in the consolidated financial statement). Obtain the third-party assurance/verification.</li> <li>• Plan to set the internal carbon pricing, clarify the concrete carbon reduction performance for more effective financial evaluation and goal management.</li> <li>• Proceed with enhancement based on the result of international evaluation participated in.</li> </ul>	Green Operation Division

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Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
Earth sustainability	<b>Product quality and safety</b>  12.5 12.6	<ul style="list-style-type: none"> <li>✓ <b>Product quality management:</b> Have acquired the ISO 9001 verification. Have set the goal regarding the quality goal, quality cost, DOA rate, and the issuing and case closure rate.</li> <li>✓ <b>Product recall:</b> Have set up the "Group market rework/scrap and CPSC recall management standard operating procedure", market repair has been conducted in 2020 and 2021 voluntarily.</li> <li>✓ <b>Hazardous substance management:</b> The "Toxic and hazardous substance control operating procedure" has been formulated to comply with RoHS and REACH standard.</li> </ul>	<ul style="list-style-type: none"> <li>• No product will be recalled.</li> <li>• The DOA rate of business product is below 0.3%. The DOA rate of home product is below 0.6%.</li> <li>• The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• No product will be recalled.</li> <li>• Plan to introduce the ISO 20957 sports facility safety standard.</li> <li>• The DOA rate of business product is below 0.3%. The DOA rate of home product is below 0.6%.</li> <li>• The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• No product will be recalled.</li> <li>• Obtain the ISO 20957 sports facility safety standard certification.</li> <li>• The DOA rate of business product is below 0.3%. The DOA rate of home product is below 0.6%.</li> <li>• The "Guarantee Letter of REACH Compliance and "Guarantee Letter of RoHS Compliance" have been acquired from all material suppliers.</li> </ul>	Green Operation Division
	<b>Customer complaint management</b>	<ul style="list-style-type: none"> <li>✓ The "Customer service operating procedure" has been formulated, specifying operating procedures for customer complaint, service part supply, compensation, technical service, education training, customer satisfaction, and customer return.</li> <li>✓ Before the end of service life, market survey for the medical product is completed every year before April.</li> </ul>	<ul style="list-style-type: none"> <li>• The factory responds to the subsidiary in 24 hours after receiving the customer complaint.</li> <li>• The subsidiary must complete repair in 48 hours after receiving request.</li> <li>• The factory closes 95% of the complaint from the subsidiary and satisfaction survey is delivered 100%.</li> </ul>	<ul style="list-style-type: none"> <li>• The factory responds to the subsidiary in 24 hours after receiving the customer complaint.</li> <li>• The subsidiary must complete repair in 48 hours after receiving request.</li> <li>• The factory closes 95.5% of the complaint from the subsidiary and satisfaction survey is delivered 100%.</li> </ul>	<ul style="list-style-type: none"> <li>• The factory responds to the subsidiary in 24 hours after receiving the customer complaint.</li> <li>• The subsidiary must complete repair in 48 hours after receiving request.</li> <li>• The factory closes 96% of the complaint from the subsidiary and satisfaction survey is delivered 100%.</li> </ul>	Social Care Division
	<b>Energy management</b>  7.2 7.3	<ul style="list-style-type: none"> <li>✓ The energy management goal is saving 1% of the energy per year.</li> <li>✓ Energy saving measures include replacing conventional power equipment with power-saving equipment, and installing solar panels in factories in Taiwan and selling power back to Taiwan Power Company.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to implement current energy saving measures. Request to reduce 1% of unit power consumption of the product in the factory in Taiwan.</li> <li>• Engage in the corporate green power initiative plan "RE 10x10". Claim that green power use must reach at least 10% of total power consumption by 2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Plan to introduce the ISO 50001 Energy Management System and set up the energy management regulations.</li> <li>• Strengthen or enhance energy saving measures. Request to reduce 1.5% of unit power consumption of the product in the factory in Taiwan.</li> <li>• Plan to install renewable energy generator (e.g. solar panel) and purchase green power to achieve "RE 10x10".</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain certification of ISO 50001 Energy Management System.</li> <li>• Strengthen or enhance energy saving measures. Request to reduce 2% of unit power consumption of the product in the factory in Taiwan.</li> <li>• Make sure that the renewable power generated and green power purchased are 30% of the total power consumption. Promise to use 100% of the renewable energy by 2050.</li> </ul>	Green Operation Division



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Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
Earth sustainability	<b>Water resource management</b>  6.3 6.4	✓ <b>Waste management:</b> The “Wastewater treatment security standard operating procedure” has been formulated. The wastewater and sewage treatment facilities are available in the factory. Wastewater is discharged to surface water after treatment. Sludge cleaning is entrusted to qualified cleaning company. Automated inspection of Wastewater treatment equipment is entrusted to the external party, and sampling test is conducted at the discharge point regularly: (1) The effluent quality is tested every three months. (2) The original wastewater and effluent quality is tested every six months.	<ul style="list-style-type: none"> <li>Set the goal for reduction of water intake and save 1% of water per year.</li> <li>Organize the water saving action.</li> <li>Plan for recycling of process water.</li> </ul>	<ul style="list-style-type: none"> <li>Implement water saving action and save 1% of water per year.</li> <li>Increase recycling of process water and set the goal of recycling rate.</li> </ul>	<ul style="list-style-type: none"> <li>Plan to introduce the ISO 46001 Water Resource Efficiency Management System.</li> <li>Implement water saving action and save 1.5% of water per year.</li> </ul>	Green Operation Division
	<b>Waste management</b>  12.5	<ul style="list-style-type: none"> <li>✓ <b>Waste policy and management:</b> ISO 14001 has been introduced. The Administration Dept. divided waste into general business waste and hazardous business waste based on the composition of the waste in the factory. Waste is managed based on the waste cleaning protocol and 5S checklist.</li> <li>✓ <b>Reduction measures:</b> Purchase the drying machine to reduce sludge moisture content, and redesign the packaging material to reduce size.</li> <li>✓ <b>Implementation into products:</b> Paper packaging material is used for product packaging design as much as possible for environmental reasons.</li> </ul>	<ul style="list-style-type: none"> <li>The waste reduction goal has been set up for factory management.</li> <li>Continue to use more paper packaging materials for product packaging design, minimize the size of packaging material and use less packaging materials.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce waste. Make sure that every year the waste will be 4.5% less than in 2023.</li> <li>Continue to use more paper packaging materials for product packaging design, minimize the size of packaging material and use less packaging materials.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce waste. Make sure that every year the waste will be 5% less than 2023.</li> <li>Continue to use more paper packaging materials for product packaging design, minimize the size of packaging material and use less packaging materials.</li> <li>Set up an effective logistics plan, and reduce transportation cost and carbon emission.</li> </ul>	Green Operation Division
	<b>Biodiversity</b>  15.2	<ul style="list-style-type: none"> <li>✓ Try to preserve original trees in the factory if possible. Provide habitats to animals in the factory area, and a friendly environment for squirrels in the factory area. Try not to damage the original environment if possible and maintain biodiversity.</li> <li>✓ Provide reusable food ware to all new employees. Encourage employees to bring their own chopsticks to reduce plastic and environmental impact of waste.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to pay attention to relevant issues.</li> <li>Plan to perform internal evaluation for how the factory location and product lifecycle impact biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to pay attention to relevant issues.</li> <li>Make commitments to biodiversity maintenance on the public website or report.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to make commitments to biodiversity maintenance on the public website or report.</li> <li>Plan to introduce the TNFD framework. Identify nature-related risks and opportunities. Set up the management approach and adaptive strategies.</li> </ul>	Sustainability Office



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## Create Your Happiness

Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
Happy life	<b>Talent attraction and retention</b>  8.5 8.6	<ul style="list-style-type: none"> <li>✓ <b>Recruitment concept:</b> Continue to recruit talents sharing the same philosophy with us, settling down in Taichung, and with international perspective.</li> <li>✓ <b>Salary:</b> We offer competitive salary in the market. Performance bonus, proposal bonus, occasional incentive and dividend are available.</li> <li>✓ <b>Performance appraisal:</b> Fulltime employees receive performance appraisal once a year, including peer appraisal, supervisor appraisal and self-appraisal.</li> <li>✓ <b>Welfare:</b> Gym, club, employee allowance.</li> </ul>	<ul style="list-style-type: none"> <li>● Plan the employee engagement survey and set up the improvement plan based on the survey and analysis result.</li> <li>● Employee voluntary resignation is less than 18%.</li> <li>● Over 32% of employees are female.</li> </ul>	<ul style="list-style-type: none"> <li>● Employee engagement survey response rate is over 90%.</li> <li>● Employee voluntary resignation is less than 16%.</li> <li>● Over 35% of employees are female.</li> <li>● Set up the monthly and annual KPI/MBO based on the function and department goal (including ESG), and add them into the current salary system.</li> </ul>	<ul style="list-style-type: none"> <li>● Employee engagement survey response rate is over 90%.</li> <li>● Employee voluntary resignation is less than 15%.</li> <li>● Over 35% of employees are female.</li> <li>● Promise to hire local employees.</li> <li>● Provide a comprehensive employee support plan (e.g. flexible work hours or allowance exceeding the regulations).</li> <li>● Set up long-term incentive measures and plans (e.g. equity compensation system).</li> </ul>	Social Care Division
	<b>Talent development</b>  8.6	<ul style="list-style-type: none"> <li>✓ <b>Talent cultivation:</b> Internal education training in 2022 focuses on new employee training. All courses are completed in three months, 380 minutes in total. Numerous external education training courses are provided and posted on the company website. Allowance for external education training is available.</li> <li>✓ <b>Employee dispatch:</b> Post the latest dispatch information on the company website. Employee may apply for dispatch.</li> </ul>	<ul style="list-style-type: none"> <li>● Add ESG courses to education training (e.g. human rights, anti-corruption, climate change).</li> <li>● Hold an English workshop and e-learning course.</li> </ul>	<ul style="list-style-type: none"> <li>● Plan for and hold employee training courses to adapt to the needs of all units.</li> <li>● 95% of the required courses for employees are completed.</li> <li>● Employees receive allowance for external on-job-training courses related to their function. Three employees are subsidized per year.</li> </ul>	<ul style="list-style-type: none"> <li>● 100% of the required courses for employees are completed.</li> <li>● Employees receive allowance for external on-job-training courses related to their function. Five employees are subsidized per year.</li> </ul>	Social Care Division



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Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
Happy life	<b>Human rights</b>  5.1 5.2  10.2 10.3 10.4	<ul style="list-style-type: none"> <li>✓ <b>Human rights policy:</b> Johnson's human rights policy for Human Resource Policy has been formulated. Johnson abides by the Universal Declaration of Human Rights.</li> <li>✓ <b>Human rights management:</b> Sexual harassment prevention procedures have been stipulated. The Sexual Harassment Complaints Committee has been established.</li> <li>✓ <b>Employee communication:</b> Hold the labor-management meeting and symposium. A suggestion box is available.</li> </ul>	<ul style="list-style-type: none"> <li>• Publicize the human rights policy and management measures on the official website.</li> <li>• Conduct employee due diligence.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide a comprehensive current human rights policy based on the result of human rights due diligence.</li> <li>• Communicate human rights issues with stakeholders regularly.</li> <li>• Extend the scope of human rights due diligence to suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• In the supplier evaluation result, compliance to human rights-related items is 100%.</li> <li>• Extend the scope of human rights due diligence to customers.</li> </ul>	Social Care Division, Green Operation Division
	<b>Occupational safety and health</b>  8.8	<ul style="list-style-type: none"> <li>✓ <b>Safety and Health Committee:</b> The chair of the Committee is Taiwan factory General Manager. A meeting is held every quarter.</li> <li>✓ <b>Occupational injury and disease:</b> Declare occupational accidents.</li> <li>✓ <b>Occupational safety protection:</b> Ask employees to fill out the health survey. The occupational health nurse is available.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up the occupational safety and health risk management system.</li> <li>• The occupational injury rate is below 1.5.</li> <li>• All hours of occupational safety and health education training have been completed.</li> </ul>	<ul style="list-style-type: none"> <li>• The occupational injury rate is below 1.5.</li> <li>• All hours of occupational safety and health education training have been completed.</li> <li>• Encourage employees to join our clubs for better physical and mental health development.</li> </ul>	<ul style="list-style-type: none"> <li>• The occupational injury rate is below 1.5.</li> <li>• All hours of occupational safety and health education training have been completed (or the course completion rate is 100%).</li> <li>• Evaluate to introduce ISO 45001 Occupational Safety and Health Management System.</li> </ul>	Green Operation Division
	<b>Social health</b>  1.1 1.4  2.1  3.4 3.d  4.1 4.2 4.5	<ul style="list-style-type: none"> <li>✓ <b>Promote sports for all:</b> Sponsor sports events, including baseball team, marathon and campus sports events.</li> <li>✓ <b>Remote area education care:</b> Collaborate with Breeze Caring Association.</li> <li>✓ <b>Social engagement of subsidiary:</b> Actively give back to society in different places.</li> </ul>	<ul style="list-style-type: none"> <li>• The total expenditure for charity event reaches NTD 6 million. (Or, set a goal based on the operating expense.)</li> <li>• Enhance health for 20 thousand people.</li> </ul>	<ul style="list-style-type: none"> <li>• The total expenditure for charity event reaches NTD 6.25 million. (Or, set a goal based on the operating expense.)</li> <li>• Enhance health for 30 thousand people.</li> </ul>	<ul style="list-style-type: none"> <li>• The total expenditure for charity event reaches NTD 6.5 million. (Or, set a goal based on the operating expense.)</li> <li>• Enhance health for 40 thousand people.</li> </ul>	Social Care Division



Be Your Trusty Company

Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
Ethical governance	<b>Corporate governance</b>  16.6 16.7	<ul style="list-style-type: none"> <li>✓ The following regulations have been formulated, Articles of Association, Corporate Governance Best Practice Principles, Rules of Procedure for Shareholders Meetings, Rules of Procedure for Board of Directors Meetings, Selection Procedures for Director and Supervisor of the Company, Organizational Regulations of Company Audit Committee, Organizational Regulations of Company Remuneration Committee, and Regulation for Board of Directors Performance Assessments.</li> <li>✓ Convene the Board of Directors' meeting every quarter, Audit Committee at least four times a year, and Remuneration Committee at least twice a year.</li> <li>✓ Perform internal audit every year.</li> <li>✓ Set up the Sustainable Development Committee.</li> </ul>	<ul style="list-style-type: none"> <li>● At least 25% of the directors and independent directors are female.</li> <li>● Help directors join the functional course and take at least six hours of courses per year.</li> <li>● Attendance of Board of Directors' meeting and Functional Committee's meeting is 100%.</li> <li>● Provide complete information disclosure on the official website to adapt to corporate governance evaluation requirements.</li> <li>● Set up the "Risk Management Practice Principles."</li> </ul>	<ul style="list-style-type: none"> <li>● Make sure that at least 25% of the directors and independent directors are still female.</li> <li>● Help directors join the functional course and take at least six hours of courses per year, including at least two hours of sustainability-related courses.</li> <li>● Attendance of Board of Directors' meeting and Functional Committee's meeting is 100%.</li> <li>● Provide complete information disclosure on the official website to adapt to corporate governance evaluation requirements.</li> <li>● No major internal audit mistake occurs.</li> <li>● Increase risk identification management performance.</li> </ul>	<ul style="list-style-type: none"> <li>● Make sure that at least 25% of the directors and independent directors are still female.</li> <li>● Help directors join the functional course and take at least six hours of courses per year, including at least two hours of sustainability-related courses.</li> <li>● Attendance of Board of Directors' meeting and Functional Committee's meeting is 100%.</li> <li>● Provide complete information disclosure on the official website to adapt to corporate governance evaluation requirements.</li> <li>● No major internal audit mistake occurs.</li> <li>● Increase risk identification management performance.</li> </ul>	Operational Governance Team
	<b>Ethical management</b>  16.3 16.5 16.6	<ul style="list-style-type: none"> <li>✓ <b>Reporting system:</b> The reporting and communication channel is available.</li> <li>✓ These regulations that have been formulated, Operating Procedures for Prevention and Management of Insider Trading, and Work Rules (including the reporting, reward and punishment system).</li> </ul>	<ul style="list-style-type: none"> <li>● At least 70% of employees completed the governance unit and employee ethical and moral education training.</li> <li>● Ethics principles have been promoted to at least 70% of suppliers (Supplier Conference).</li> <li>● Set up the ethical management principles.</li> </ul>	<ul style="list-style-type: none"> <li>● Over 90% of employees completed the governance unit and employee ethical and moral education training.</li> <li>● Ethics principles have been promoted to 100% of suppliers (Supplier Conference).</li> </ul>	<ul style="list-style-type: none"> <li>● Over 95% of employees completed the governance unit and employee ethical and moral education training.</li> <li>● Ethics principles have been promoted to 100% of suppliers (Supplier Conference).</li> </ul>	Operational Governance Division, Social Care Division
	<b>Economic performance</b>  8.1 8.2 8.3	<ul style="list-style-type: none"> <li>✓ The revenue and profit goals have been established.</li> </ul>	<ul style="list-style-type: none"> <li>● Make sure that profit stays positive.</li> <li>● Increase operational efficiency.</li> <li>● Develop collaboration with partners on different platforms (e.g. SmartTV and telecom platform), increase coverage under the trend of major health theme, and develop diverse sources of revenues.</li> </ul>	<ul style="list-style-type: none"> <li>● Make sure that profit stays positive.</li> <li>● Increase operational efficiency.</li> <li>● Extend collaboration with partners on different platforms (e.g. SmartTV and telecom platform), convey more health concepts, increase diverse usage and sources of revenues, and stimulate continuous growth of digital business.</li> </ul>	<ul style="list-style-type: none"> <li>● Make sure that profit stays positive.</li> <li>● Increase operational efficiency.</li> <li>● Integrate needs of all partners and users, and create sustainable value development in the industrial ecosystem together with partners and users.</li> </ul>	Operational Governance Division, Social Care Division

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Theme of strategy	Sustainability topic	Actual situation in 2022	Short-term (2023)	Mid-term (2024-2025)	Long-term (2026-2030)	Sustainability Execution Team
<b>Ethical governance</b>	<b>Compliance</b>  16.3 16.6	✓ No litigation or violation occurred in 2022.	<ul style="list-style-type: none"> <li>● Increase diversity of online course, and input and output of content from collaboration with external units, and enrich digital content products.</li> <li>● Promote compliance (promote compliance to departments affected by new regulations and regulation amendments).</li> <li>● No violation occurred this year.</li> </ul>	<ul style="list-style-type: none"> <li>● Increase diversity of online course, integrate transnational and cross-domain resources, to provide all-round service experiences to Johnson's users.</li> <li>● Compliance promotion</li> <li>● No violation occurred this year.</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct physical-virtual integration. Create a global, all-round healthy life industry from hardware, software and service.</li> <li>● Compliance promotion</li> <li>● No violation occurred this year.</li> </ul>	<b>Operational Governance Division</b>
	<b>Information security</b>  16.3 16.6	<ul style="list-style-type: none"> <li>✓ The information and communication safety management policy and GDPR structure have been established.</li> <li>✓ No information security breach or personal information leakage occurred in 2022.</li> </ul>	<ul style="list-style-type: none"> <li>● No information security breach or personal information leakage occurred.</li> <li>● Perform information protection drill at least once a year.</li> </ul>	<ul style="list-style-type: none"> <li>● No information security breach or personal information leakage occurred.</li> <li>● Perform information protection drill at least twice a year.</li> <li>● Test, review and improvement of third-party external network</li> <li>● DR Site planning</li> </ul>	<ul style="list-style-type: none"> <li>● No information security breach or personal information leakage occurred.</li> <li>● Perform information protection drill at least twice a year.</li> <li>● Test, review and improvement of third-party external network</li> <li>● DR Site planning and switching drill</li> </ul>	<b>Operational Governance Division</b>
	<b>Tax policy</b>  16.6  17.1 17.13	✓ Pay tax according to the law.	<ul style="list-style-type: none"> <li>● Set up the group tax policy.</li> </ul>	<ul style="list-style-type: none"> <li>● Disclose tax information of all countries (including subsidiaries).</li> </ul>	<ul style="list-style-type: none"> <li>● Expand disclosure of tax information of all countries (including subsidiaries).</li> </ul>	<b>Operational Governance Division</b>
	<b>Supplier management</b>  8.3  16.3 16.6	✓ The Supplier Evaluation Guidelines, Supplier Management Anti-Corruption Policy Declaration, Supplier Safety and Management Commitment, Trading Contract (including anti-corruption commitment).	<ul style="list-style-type: none"> <li>● Evaluation for all suppliers was completed.</li> <li>● Make a commitment to supplier sustainable development.</li> </ul>	<ul style="list-style-type: none"> <li>● Evaluation for all suppliers was completed.</li> <li>● 50% of the key suppliers signed the sustainable development commitment.</li> <li>● Continue to enhance ESG performance with suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>● Evaluation for all suppliers was completed.</li> <li>● 75% of the key suppliers signed the sustainable development commitment.</li> <li>● Continue to enhance ESG performance with suppliers.</li> </ul>	<b>Green Operation Division</b>



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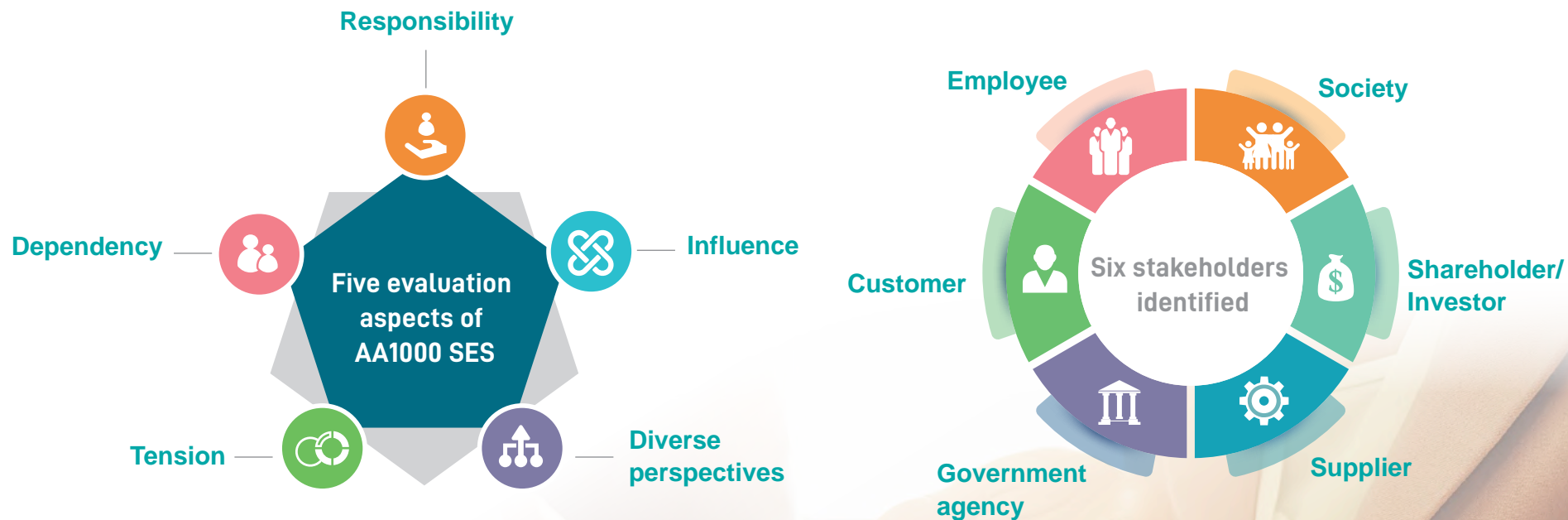


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# Stakeholder communication 2-12 2-29 3-1

Johnson refers to the GRI Universal Standards, Sector Standards and Topic Standards released by Global Reporting Initiative (GRI) (collectively known as GRI Standards). According to sustainability-related topics and industrial characteristics of fitness and medical device industry, Johnson identified six major stakeholder groups. Based on five evaluation aspects of AA1000SES AA1000 Stakeholder Engagement Standard, Johnson designed the survey for degree of stakeholder relationship. The Sustainable Development Committee and Sustainability Execution Team fill out the survey, and identify and sort the degree of stakeholder relationship. The survey is updated once a year. Six major stakeholder groups are identified this year, customers, government agencies, employees, suppliers, shareholders/investors, and society. To find out how much each stakeholder pays attention to sustainability topics, Johnson designed the “Corporate sustainable development topic attention evaluation survey” and handed it to all stakeholder groups.

## Stakeholder identification process





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## Result of stakeholder identification

Johnson cares about opinions from all stakeholders, and offers different communication and feedback channels to different stakeholders. We actively communicate with stakeholders, receive diverse opinions in different aspects, expand our vision, and try to satisfy needs of all stakeholders. Johnson reports communication with all stakeholders at the Board of Directors' meeting every year.

## Stakeholder communication

	Communication channel	Topics paid attention to	Corresponding chapter
 <b>Customer</b>	<p><b>Occasionally:</b></p> <ul style="list-style-type: none"> <li>The <u>contact section</u> and toll-free customer service line (0800-017-360) are available.</li> <li>The contact for the <u>Product Department of the company</u> is available: (04)-2566-7100 ext. 1220</li> </ul>	<ul style="list-style-type: none"> <li>Ethical management</li> <li>Customer relationship</li> <li>Compliance</li> <li>Tax policy</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>1.3 Customer relationship</li> <li>2.3 Human rights</li> <li>3.2 Ethical management</li> <li>3.3 Compliance</li> <li>3.4 Tax policy</li> </ul>
 <b>Government agency</b>	<p><b>Occasionally:</b></p> <ul style="list-style-type: none"> <li>Official document correspondence</li> <li>Promotion briefing</li> </ul> <p><b>Regularly (as required by law)/Occasionally:</b></p> <ul style="list-style-type: none"> <li>Announce information on TWSE MOPS.</li> </ul>	<ul style="list-style-type: none"> <li>Information security</li> <li>Economic performance</li> <li>Product quality and safety</li> <li>Energy management</li> <li>Customer relationship</li> </ul>	<ul style="list-style-type: none"> <li>About Johnson - Economic performance</li> <li>1.2 Product quality and safety</li> <li>1.3 Customer relationship</li> <li>1.5 Energy management</li> <li>3.6 Information security</li> </ul>
 <b>Employee</b>	<p><b>Occasionally:</b></p> <ul style="list-style-type: none"> <li>Announce information on the internal management platform of the Company.</li> <li>Organize the briefing and employee education training.</li> <li>The contact information for the Administrative Department is available: Human resource: (04)-2566-7100 ext. 1180 and 1182 Factory nurse: (04)-2566-7100 ext. 6666</li> </ul> <p><b>Regularly:</b></p> <ul style="list-style-type: none"> <li>Organize the Employee Benefit Committee.</li> <li>Convene weekly and monthly meeting at the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Product quality and safety</li> <li>Ethical management</li> <li>Compliance</li> <li>Information security</li> </ul>	<ul style="list-style-type: none"> <li>About Johnson - Economic performance</li> <li>1.2 Product quality and safety</li> <li>3.2 Ethical management</li> <li>3.3 Compliance</li> <li>3.6 Information security</li> </ul>



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Communication channel	Topics paid attention to	Corresponding chapter
<p><b>Regularly:</b></p> <ul style="list-style-type: none"> <li>● Convene the Supplier Conference.</li> <li>● Supplier evaluation</li> </ul> <p><b>Occasionally:</b></p> <ul style="list-style-type: none"> <li>● Hold the manufacturer seminar.</li> <li>● Supplier visit</li> <li>● Contact information for all offices is available:  <u>Taiwan factory General Manager:</u> (04)-2566-7100 ext. 2800  <u>Material Department:</u> (04)-2566-7100 ext. 2811  <u>Dongda Branch:</u> (02)-2523-9088</li> </ul>	<ul style="list-style-type: none"> <li>● Ethical management</li> <li>● Customer relationship</li> <li>● Corporate governance</li> <li>● Compliance</li> <li>● Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>1.2 Product quality and safety</li> <li>1.3 Customer relationship</li> <li>3.1 Corporate governance</li> <li>3.2 Ethical management</li> <li>3.3 Compliance</li> </ul>
<p><b>Regularly:</b></p> <ul style="list-style-type: none"> <li>● Convene legal person briefing and investor conference at least once per quarter.</li> <li>● Publicize the Company's annual report every year.</li> <li>● Convene the shareholders' meeting every year.</li> </ul> <p><b>Regularly (as required by law)/ Occasionally:</b></p> <ul style="list-style-type: none"> <li>● Announce information on TWSE MOPS.</li> </ul> <p><b>Occasionally:</b></p> <ul style="list-style-type: none"> <li>● The hotline and contact information for shareholders are available:  <u>Shareholder hotline:</u> (04)-2566-7100 ext. 1110  <u>May Lo, Spokesperson and Vice President of the Company:</u> (04)-2566-7100  <u>Lin Ching Ni, Deputy spokesperson and Senior Manager:</u> (04)-2566-7100 ext. 1110</li> </ul>	<ul style="list-style-type: none"> <li>● Compliance</li> <li>● Ethical management</li> <li>● Tax policy</li> <li>● Product quality and safety</li> <li>● Customer relationship</li> </ul>	<ul style="list-style-type: none"> <li>1.2 Product quality and safety</li> <li>1.3 Customer relationship</li> <li>3.2 Ethical management</li> <li>3.3 Compliance</li> <li>3.4 Tax policy</li> </ul>
<p><b>Occasionally:</b></p> <ul style="list-style-type: none"> <li>● Convene the press conference.</li> <li>● Press release publishing and communication</li> <li>● Feature Interview</li> <li>● Hold social charity events.</li> </ul>	<ul style="list-style-type: none"> <li>● Ethical management</li> <li>● Talent development</li> <li>● Social health</li> <li>● Corporate governance</li> <li>● Human rights</li> </ul>	<ul style="list-style-type: none"> <li>2.2 Talent development</li> <li>2.3 Human rights</li> <li>2.5 Social health</li> <li>3.1 Corporate governance</li> <li>3.2 Ethical management</li> </ul>

## Materiality analysis 3-1

To find out how all topics affect the operation of the Company and how much stakeholders care about these topics, Johnson evaluates sustainability topics related to the Company by referring to the GRI Standards, industrial feature, and topics considered by the peer and benchmark corporations. In 2022, Johnson refers to Double Materiality proposed by the EU and the four steps for materiality identification, and the latest GRI 3: Material Topics 2021. Johnson assesses sustainability topics imposing major impact on itself and stakeholders, and discloses sustainability of material topics based on how much stakeholders pay attention to sustainability topics and how much all sustainability topics impact on our operation and ESG sustainable development. Johnson sets administrative policies and tracks them regularly, and adjusts countermeasures.

## Material topic identification process

### Step.1

#### Understand the organizational context.

Formulate sustainability topics of 2022 by referring to the GRI Standards, industrial feature, and comparison with peer and benchmark corporations.

### Step.2

#### Identify actual and potential impacts.

- ▶ Internal supervisors of the Company evaluate and discuss the positive and negative impact of all sustainability topics on the Company, and fill out the survey on the impacted topic.
- ▶ Staffs of the Company discuss possible impact of all sustainability topics and hand out a survey to all stakeholders about topics they pay attention to.

### Step.3

#### Evaluate significance of the impact.

- ▶ Our internal supervisors evaluate degree of impact to all sustainability topics based on how all sustainability topics affect our operation and corporate sustainable development.
- ▶ All stakeholders evaluate how much they care about the sustainability topics and the impact of these topics.

### Step.4

#### Prioritize the topic to be reported by judging if the topic has the most significant impact.

Gather information on how our internal supervisors evaluate the degree of impact of all sustainability topics on our operation and ESG sustainable development, and top five topics stakeholders pay attention to. Evaluate how these topics impact governance, economy, environment and society (human and human rights), and create ten major sustainability topics.

## Material topic matrix



### Material sustainability topics in 2022

Meanwhile, refer to the impact with at least four points and the top five topics stakeholders pay attention to.

1	Customer relationship	Social aspect
2	Ethical management	Governance and economic aspect
3	Product quality and safety	Environmental aspect
4	Economic performance	Governance and economic aspect
5	Compliance	Governance and economic aspect
6	Information security	Governance and economic aspect
7	Talent development	Social aspect
8	Talent attraction and retention	Social aspect
9	Development and innovation	Environmental aspect
10	Corporate governance	Governance and economic aspect

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List of impacted material topics **3-2** **3-3**

● Direct impact ● Indirect impact

Material topic	Description for positive and negative impact	Hotspot of impact						Corresponding GRI and SASB Standards	Corresponding chapter
		Organization and value chain			Other partners of business relationship				
		Upstream (supplier)	Midstream	Downstream (customer and distributor)	Government agency	Shareholder/ Investor	Society		
Product quality and safety	Products and services provided by Johnson caught attention and won recognition because they are safe and they have high quality. Or, our brand value is degraded due to improper control.	●	●	●	●			GRI 416 Customer Health and Safety GRI 417 Marketing and Labeling Chemical and safety hazard of SASB product, CG-TS-250a.1., CG-TS-250a.2. and CG-TS-250a.4.	1.2 Product quality and safety 1.3 Customer relationship
Ethical management	Johnson implements stable governance because it complies or does not comply with management strategy of ethical or responsible governance. Or, Johnson violates ethical standards or conducts illegal acts, leading to risk of sanction, and damage to company reputation and earnings.	●	●	●	●	●		GRI 205 Anti-corruption GRI 206 Anti-competitive Behavior	3.1 Corporate governance 3.2 Ethical management
Economic performance	Make an impact on operating revenue, market position, investment and shareholder benefit of the Company through the product service strategy and financial development strategy formulated.	●	●	●		●		GRI 201 Economic Performance	About Johnson - Economic performance
Customer relationship	This is about how Johnson manages the relationship it maintains with customers. This checks if Johnson continues to find out customer needs, enhances service quality and satisfaction, and affects how much customers trust Johnson.		●	●		●		GRI 418 Customer Privacy	1.3 Customer relationship
Information security	Check if internal information security control, protection system and response process are comprehensive and check if these have been implemented, and if they have affected the Company's confidential information and customer privacy.	●	●	●	●			GRI 418 Customer Privacy	1.3 Customer relationship 3.6 Information security

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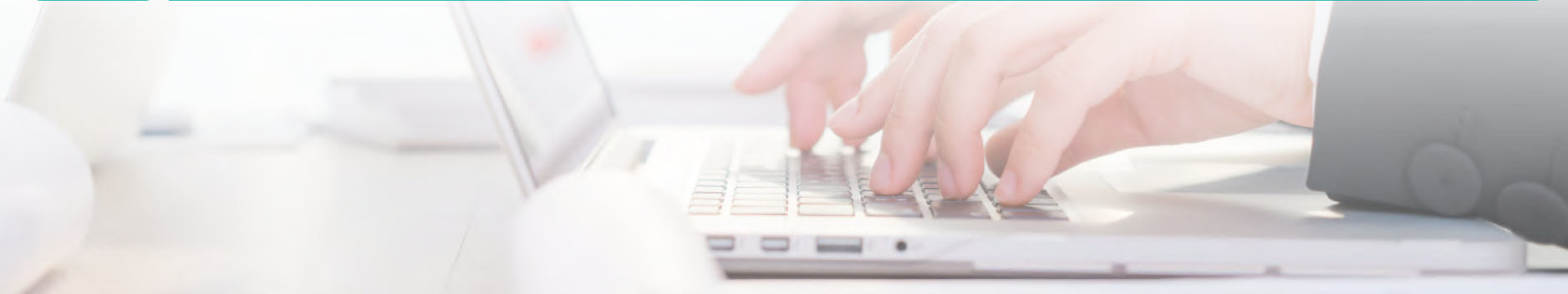
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Material topic	Description for positive and negative impact	Hotspot of impact					Corresponding GRI and SASB Standards	Corresponding chapter	
		Organization and value chain			Other partners of business relationship				
		Upstream (supplier)	Midstream	Downstream (customer and distributor)	Government agency	Shareholder/ Investor			Society
Compliance	Check if integrity and efficiency of regulatory control and compliance comply with the impact on the company and stakeholder.	●	●		●	●	●	GRI 2 General Disclosures CG-TS-250a.4., chemical and safety hazard of SASB product	1.2 Product quality and safety 3.3 Compliance
Talent development	Based on how Johnson's internal employee cultivation and training affect the operating foundation of the company, and maintenance and enhancement of employee's expertise, Johnson checks how these create its chances of development.		●				●	GRI 404 Training and Education	2.2 Talent development
Talent attraction and retention	This checks how the salary, benefits and communication channels Johnson provided for employees affect talent recruitment and stability of internal mobility.		●	●				GRI 401 Employment GRI 202 Market Presence GRI 405 Diversity and Equal Opportunity	2.1 Talent attraction and retention 2.3 Human rights
R&D and innovation	This checks how R&D and innovation affect enhancement of industrial competitiveness and brand value of the company.	●	●	●			●	User-defined topic - R&D and innovation patent	1.1 R&D and innovation
Corporate governance	This checks if Johnson takes diverse advice for its structure establishment of corporate governance, and ensures stable governance of the company by examining and evaluating implementation.	●	●		●		●	GRI 2 General Disclosures	3.1 Corporate governance







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Material topic administrative policy **3-3**



**Product quality and safety**

Material topic description

Conduct management measures such as formulation of relevant strategies, product testing, product quality certification, through the health and safety problems that might be affected by Johnson's product and service.

Administrative policy

- Through vertical integration of value chain, Johnson makes sure that all critical parts of the product are made by Johnson's manufacturing plant, and conducts quality check for consumers by strict control.
- Conduct all-round product safety test and obtain numerous product safety certification marks.
- Implement hazardous substance management. Require suppliers to sign the "Guarantee Letter of RoHS Compliance." Offer testing information of Substance of Very High Concern (SVHC) issued by the notary agency.



**Ethical management**

Material topic description

Conduct management strategy that shows ethical compliance and responsible governance, including anti-bribery statement and action, to forbid accepting gifts, collusion, enticing, swindling, and dishonest and illegal conduct.

Administrative policy

- Set up ethical management requirements, reporting channel, and reward and punishment system. Encourage employees to report illegal events.
- Provide at least six hours of ethical management education training to all new employees. To reinforce prevention of insider trading, conduct internal and external insider trading course training for employees.



**Economic performance**

Material topic description

Based on generation and distribution of operational economic value, establish a complete management strategy regarding financial performance, operating cost, market development, and investment gain and loss, to gain profits and create values for shareholders.

Administrative policy

- Set up the goal for corporate growth and profit. Share prosperity with customers, employees, shareholders and society.



**Customer relationship**

Material topic description

Actively maintain relationship with customers, continue to understand customer needs, and enhance service quality and satisfaction.

Administrative policy

- Comply with a comprehensive customer service operating procedure, and establish aftersales mechanism and process, including customer complaint, repair and compensation. Customer satisfaction is the top priority.



**Information security**

Material topic description


Establish information security mechanism, protection measures and emergency response process, to ensure information security of operation.

Administrative policy

- Set up the information security management policy. Internal and external audit agencies regularly supervise and examine execution.
- Authorize a third party to assess privacy impact (DPIA) and assign a data protection officer (DPO) to meet EU GDPR rules. Build an SAP-exclusive hardware machine room in EU regions.


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### Compliance

#### Material topic description

Keep track of regulatory change actively and strictly comply with governmental regulations. Set up relevant policies and guidelines and require all employees to abide by. Set up the mechanism for reporting major violation against laws, and propose improvement measures for illegal events.

#### Administrative policy

- Comply with government policies, and make sure there's no illegal event or major litigation.
- Discuss on countermeasures with all administrative units closely. Be serious and ready to respond to all types of risks and impacts. Establish stable corporate governance.



### Talent development

#### Material topic description

Organize all kinds of educational training for expertise and general education. Make sure that employees continue to learn and enhance expertise. Provide assistance for employee career development. Continue to increase Johnson's competitive advantage.

#### Administrative policy

- Subsidize external education training courses. Lots of courses are available for employees.
- A complete dispatch system is available for diverse career development opportunities.



### Talent attraction and retention

#### Material topic description

To adapt to overall workplace change and trend, Johnson attracts and retains excellent talents from all sectors via diverse talent recruitment channels, salary and welfare system higher than the market average, and two-way labor communication.

#### Administrative policy

- Keep track of salary information in the market to make sure that Johnson's salary and remuneration are better than the average.
- Provide leaves and allowances for marriage and childbirth, and extend employee care from individual to family.



### R&D and innovation

#### Material topic description

To adapt to quick change of global market need, Johnson launches various new styles of products and services via continuous development and innovation. Meanwhile, focus on intellectual property management to increase industrial competitiveness and brand value of the company.

#### Administrative policy

- Enhance key technology of the product, develop and produce Johnson's own parts, and plan to invest in low-carbon product development.
- Launch the equipment platform integrating hardware and software and a new business model. Seize business opportunities for digital content development and continue to make breakthroughs in the home market.



### Corporate governance

#### Material topic description

Set up an effective corporate governance structure. Maintain effective operation of the Board of Directors and all functional committees. Reinforce corporate governance and maintain shareholder rights by enhancing expertise and diversity of directors, and introducing performance evaluation mechanism.

#### Administrative policy

- Set company regulations and rules for the Board of Directors and functional committees. Confirm execution through regular, internal audit.
- Stipulate director diversity policy, and set the goal for achieving a certain percentage of female directors and independent directors.

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# Join

## Engage in Earth sustainability

### Our commitment

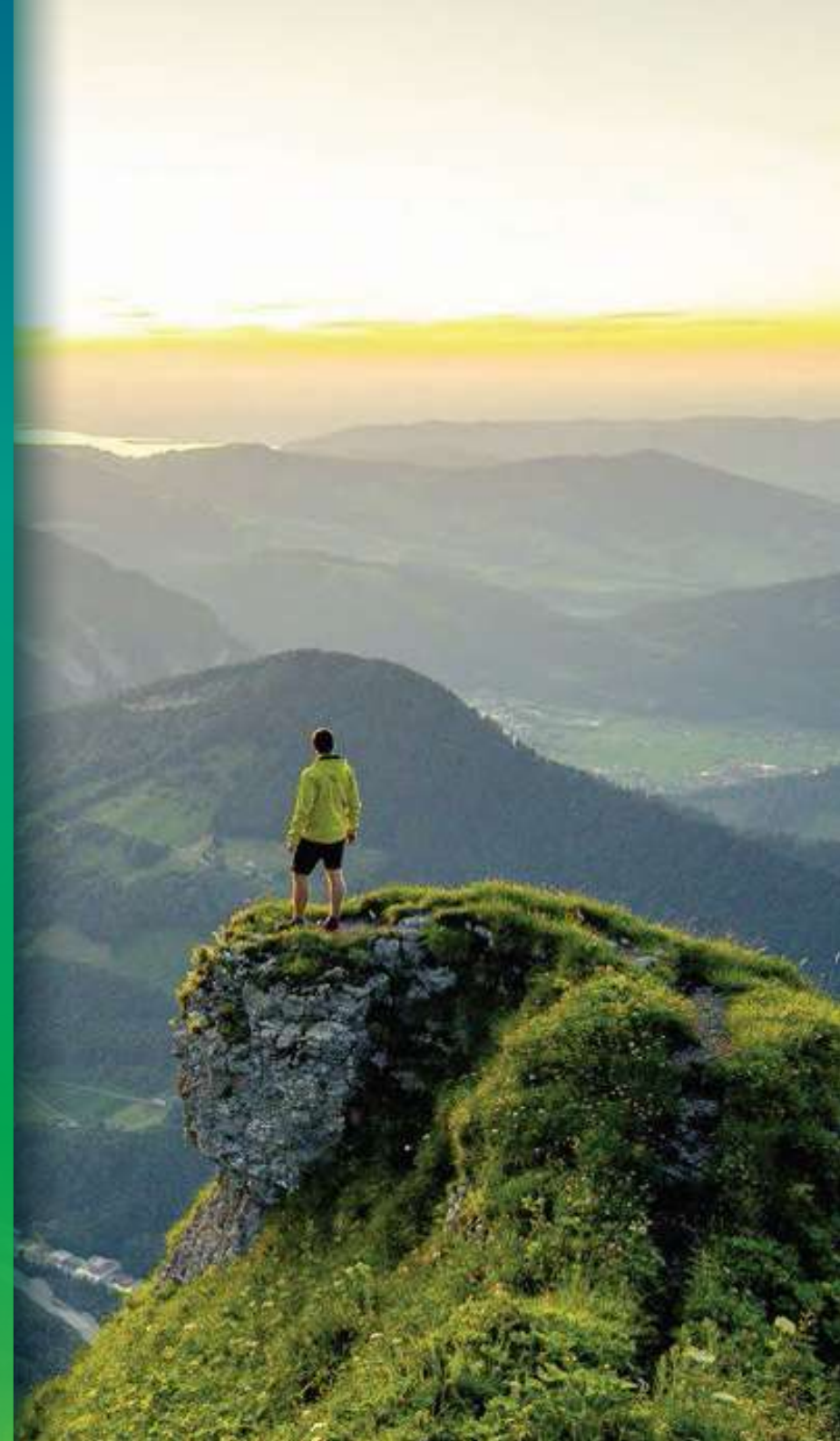
Based on the latest World Economic Forum's Global Risks Report, it is imperative to mitigate and adapt to climate risk. Johnson actively invests in development of low-carbon product, continues to deepen all advice in TCFD proposal and strengthens sustainable competitiveness.

Johnson's mission is to build human health. We persist to provide matchless quality to satisfy each consumer need, and offer reliable products with the most advanced process and strict control. We also comply with a comprehensive customer service operating procedure, and establish aftersales mechanism and process, including customer complaint, repair and compensation. Customer satisfaction is the top priority.

### Environmental policy

To achieve corporate sustainable operation and Earth sustainability, Johnson promises a all stakeholders and the public that it aims to implement protective measures complying with environmental regulations and other requirements in all operations of the Company. We will continue to improve various pollution control, waste reduction, and energy and resource saving and use in the process of gym equipment:

- ▶ Try to use low-pollution, hazard-free process or equipment while following the product quality rules.
- ▶ As for production, at the initial stage of design, packaging material design and use have been added to the concurrent engineering. Resource wasted in development is reduced. Use packaging material that meets the environmental standard. The former packaging is discarded.
- ▶ Control and improve pollution source and aim to prevent pollution source.
- ▶ Continue to reduce business waste.
- ▶ Use resources effectively and try to recycle them if possible.





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# 1.1 R&D and innovation

## 1.1.1 Breakthroughs in innovation and R&D

Johnson keeps enhancing key technology of product, and developing and producing its own parts. Advantage in cost control is one of key development strategies. Based on the position of business and home product, Johnson sets major development of key technology and part, and sets up a three-year short-term, midterm and long-term plan, continues to invest into innovation and R&D, and creates an excellent workout experience to consumers. These years we seize the business opportunity of digital content, collaborate with telecom company and gym to develop the workout subscription service, and launch the equipment platform integrating software and hardware, and a new business model. Our breakpoint is changing the consumption pattern of home market and staying dominant in the market. We continue to optimize user experience, overthrow what users think about workout. We have been honored the Top 25 International Brands by the Industrial Development Bureau, MOEA, 17 years in a row.

In addition to digital software development, we also focus on production and manufacturing technology and key part and technological development of gym equipment. Ascent Trainer, launched by MATRIX, our high-end commercial gym brand, uses patented suspension design in elliptical trainer. Not only that the elliptical trainer still delivers low impact and provides full body exercise, but the change of slope and resistance is integrated to transform traditional cardio workout into a cross training model combining cardio workout with strength training. Ascent Trainer enhances training outcome and satisfies training needs for users on different sports levels, and delivers diverse training methods. It is honored the 31th Taiwan Excellence Silver Awards.

### Low-carbon product development

Environmental protection issues are put into consideration for product design. Raw material use and control are subject to CNS 15663 and the Restriction of Hazardous Substances Directive (RoHS). Johnson's products have met the product disposal and recycling standard of Waste Electrical and Electronic Equipment (WEEE). Johnson tries to exclude high-pollution surface treatment such as electrophoresis and electroplating. Some products are equipped with high-power accessories such as LCD and touchscreen. The motor of electric treadmill must be driven by external power. Nevertheless, overall design still meets the energy saving design requirements. For instance, the gauge can only be sold in the U.S. and Europe by complying with ErP requirements. In addition, many of our products gear toward self-powered design. Magneton generator is used for providing the power required for the machine. The user supplies power for gym equipment when exercising. No external power supply is required.





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## MATRIX

Developed over **300** types in the whole series  
Developed **33** types in 2022



## inner balance

Developed over **54** types in the whole series



Developed over **900** types in the whole series  
Developed **25** types in 2022



## SYNCA

Developed over **75** types in the whole series



Developed over **400** types in the whole series



Developed over **200** types in the whole series  
Developed **3** types in 2022



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## 1.1.2 Intellectual property management

To protect its own and respect other's intellectual property rights, the R&D work is developed and the intellectual property is maintained based on the "patent search and application procedure". When each department needs patent information, it needs to apply for required patent information from the patent department to look up patents. It needs to search, study and analyze patents regarding specific subjects, to understand relevant patent technology, and/or evaluate patent infringement risk, patentability and patent validity. If it is assessed that the specific technology has a certain degree of patentability, we can propose the patent for this technology, and submit the proposal to the supervisor with adequate authority for official signature and approval. The R&D supervisor (or above) judges on application, certification and maintenance of patent.

We encourage employees to submit patent applications and grant patent bonus. When the unit director approves the invention patent application, he grants the payment based on the country the employee intends to apply for patents or the region the organization is located. If the government announces that the patent application is authorized, the patent approval prize will be granted. If the patent becomes a selling point of a product of the company, the patent contribution prize will be granted.

### Patent applications and the number of patents obtained in the past three years

Item	2020	2021	2022
Number of patents applied for (cumulative)	912	936	956
Number of patents obtained (cumulative)	745	771	788
Number of valid patents in 2022 (cumulative)	210	225	210
Number of patents in review (cumulative)	46	40	38
Number of patents obtained in the year	29	26	17

Note: Number of patents in review (cumulative) include the ones being notified that have been approved but yet to be announced to be valid by the governmental agency.

### Key outcome of patent in the past three years

Item	2020	2021	2022
Number of employees received the patent bonus	<b>7</b> employees in total	<b>15</b> employees in total	<b>1</b> employee in total
Amount granted for patent bonus	NT\$ <b>25,000</b>	NT\$ <b>24,000</b>	NT\$ <b>1,000</b>
Key patent items	<ul style="list-style-type: none"> <li>● Mirror tracing database</li> <li>● Mirror angle auto-adjustment</li> <li>● Mirror menu offered based on image recognition</li> <li>● Indoor cycle retractable rod locking mechanism</li> <li>● S-Drive blocking belt divide to left and right</li> </ul>	<ul style="list-style-type: none"> <li>● Mirror Leaderboard dynamic rating</li> <li>● Mirror 1 on 1 function</li> <li>● Treadmill power disconnected and prevent sliding</li> <li>● Timing belt pulley that reduces noise</li> <li>● Vortex braking mechanism of the motor for treadmill</li> </ul>	<ul style="list-style-type: none"> <li>● Treadmill personnel detection</li> <li>● Virtual Mirror</li> <li>● No. 4 movement (independent forward and backward of left and right massage ball)</li> <li>● No.6 movement (adjustable space between the left and right massage ball)</li> <li>● Handle angle stepless adjustment</li> </ul>

Note: Some signing procedures for patent bonus application in 2022 are still in process. Therefore, this was not included in this year.



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# 1.2 Product quality and safety

## 1.2.1 Product quality management 416-1 CG-TS-250a.1 CG-TS-250a.2 CG-TS-250a.3

As a leader gym product manufacturing, we have adopted an advanced construction method from raw material and finished product manufacturing. Through vertical integration of value chain, each critical part of the product is from the manufacturing plant. Johnson can fully control its design and construction method. If the part was not made by Johnson, it will be examined thoroughly to ensure perfect coordination between each part.

Johnson passed ISO 9001 Quality Management System Standard in 1996 and conducted product quality management based on the Quality Manual. Johnson formulated the group quality policy, aims to become a company with world-class quality, and implements strict control on quality for consumers. We regularly convene the product meeting and quality weekly and quarterly meeting, and set the annual goal based on numerous KPIs, e.g. OOB, lot nonconformity, quality cost and customer complaint closure rate. The department heads examine goal progress every month.

We have obtained quality management system certification for our gym equipment. Johnson's electric massage chair has obtained ISO 13485:2003 medical device quality management system certification in 2005. It leads advancement of function and technology of massage chair, integrates humane realistic touch and skill with innovative technology, aims to deliver excellent products that care about consumers, take care of health and beauty of consumers, and deliver reliable quality. Johnson's massage chair has been recognized with numerous excellent design awards in the sector.

In addition, we perform product safety test for EMI and radio frequency item, electrical appliance safety item, machinery safety and chemical item, energy saving item, and fireproof item. We have been honored product safety certification labels from numerous countries, including EU CE label, North America ETL Certificate, TUV safety specification standard certification, Japan PSE certification (Product Safety of Electrical Appliance & Material) and Australia RCM mark (Regulatory Compliance Mark), to ensure the best quality of the product.

### Product impact evaluation

Johnson fully evaluates the impact of product and service category on health and safety, and takes systematic action for the health and safety problems incurred from the lifecycle of product or service:

Risk impact of product and service	Detection method
<p>Customer usage safety</p>	During new product development, we work with a third-party laboratory to conduct CE certification and generate a report based on the safety requirements in product specification (PPS).
<p>Low product safety coefficient</p>	During new product development, Johnson conducts strength analysis for critical parts and obtains the safety factor of design. The safety factor required in different areas may vary, but most of the safety factors for welding piece must be set below 9 ksi. The assembly part must be set below 18 ksi.
<p>RoHS</p> <p>Not complying with the RoHS standard</p>	Coordinate with part suppliers to conduct self-declaration procedure and sign the "RoHS commitment."
<p>Out Of Box (OOB)</p>	Set the annual goal based on OOB offered by all subsidiaries. Calculate OOB achievement rate and confirm improvement of OOB at all factories.



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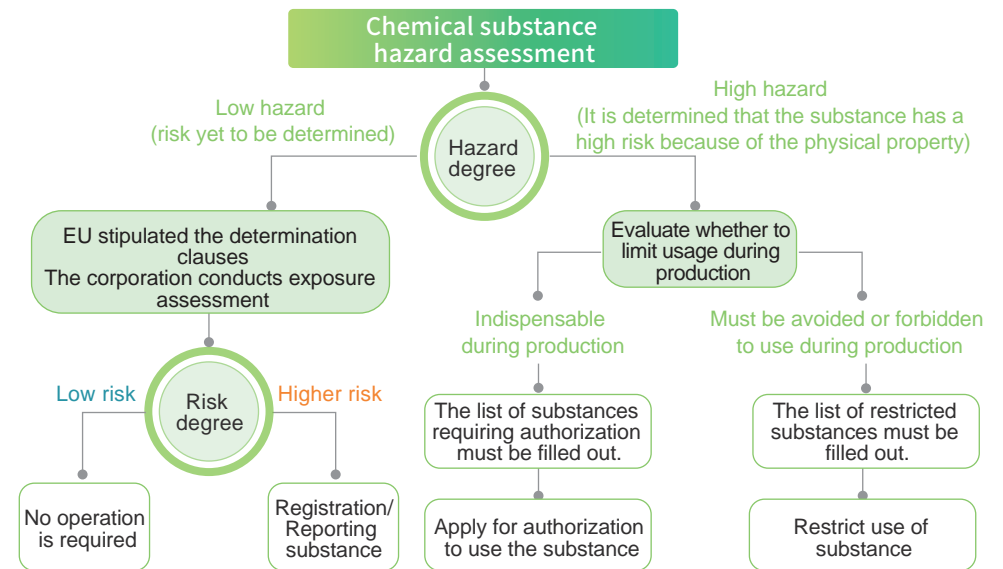
## Product recall

To effectively manage product abnormality repair and scrapping, Johnson formulated the “Group market rework/scrapping and CPSC (Consumer Product Safety Committee) recall management standard operating procedure.” Johnson checks whether quality improvement operation such as rework and recall is required for product quality. (When product quality abnormality occurs, we may repair the product to help it resume to stable state.) When the customer raises a quality concern, operating safety concern or high risk concern, we must analyze the cause of product nonconformity in the internal, regular customer complaint meeting, and conduct market rework. The customer service and quality assurance department must prepare details for quality problems before customer complaint meeting. They check the production period, production serial number, production quantity and delivered quantity of the product with quality problem. The quality assurance department of the group convenes department heads of factory, R&D and business department, depending on the situation. It obtains sufficient information to make rigorous decisions through discussion. While we hold fast to product quality and conduct strict management, no product was recalled in Taiwan from 2020 to 2022.

## 1.2.2 Hazardous substance management CG-TS-250a.4

To adapt to environmental regulatory requirement of all EU nations, Johnson sets up control of toxic and hazardous substances of the product (EU SVHC) and the issues that suppliers must follow based on the “Toxic and Hazardous Substance Control Procedure”. Johnson finds out whether the finished product contains high concern substance harming human and environment. The result will be used as the basis for reporting and informing buyers and general consumers or applying for authorization. We are responsible for protecting Earth and easing impact on ecosystem, and fully investigate in current parts and materials, such as the material, element, part, packaging material and supplementary material of manufacturing process. Suppliers are required to provide “REACH Commitment” and “RoHS Commitment,” and the SVHC testing data issued by the notary office.

### Hazardous substance management process



### Start investigation on model and material

Material Department proposes a supplier list based on the type of material, and requires suppliers to offer the chemical substance contained in the object/material manufactured by the supplier and sent to third-party laboratory for testing and analysis, the laboratory test report provided by the supplier, SVHC survey, and REACH compliance commitment. Later on, the R&D Department calculates SVHC content and determines whether it meets regulatory requirements. The Quality Assurance Department inspects and controls incoming material according to the “Toxic and hazardous substance control operating procedure”. Suspicious materials will be delivered to an external fair unit for inspection, and survey will be completed. Then, products may enter mass production.



# 1.3 Customer relationship

## 1.3.1 Customer communication and service

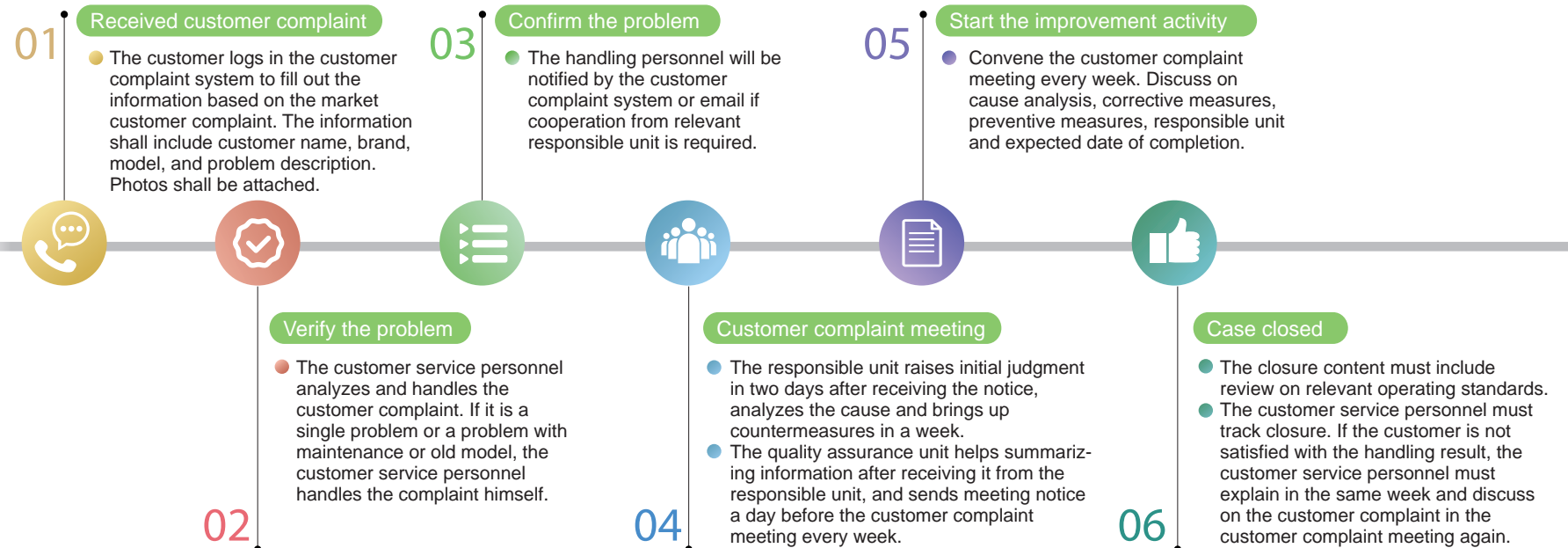
Customer feedback motivates us to keep improving. We listen to customer voice, care about customer's every demand, provide numerous communication channels, including toll-free customer hotline, email on the official website, and specialist contact information. We also conduct customer satisfaction survey. In future we plan to review and summarize the result of customer satisfaction survey regularly, set the goal for data coverage and customer satisfaction, and improve the customer service system.

Johnson has a professional, quick aftersales team and powerful maintenance technicians from the original factory. We focus on maintaining stability

and comfort regarding product quality, provide comprehensive product maintenance service, and offer practical, quick replacement of original parts. In addition, we continue to upgrade the customer self-serve page. For instance, we add videos on product operation to the online database, and initiate the preventive maintenance plan. We strive for exceeding customer expectation and creating a more outstanding customer service.

Our MATRIX and HORIZON have been winning numerous awards from Germany's Plus X Award since 2016. The award is initiated by Germany's product and market research organizations, evaluating innovative products in the process technology sector, sports sector and life fashion sector. In 2022, this institution grades overall service experience from presale advice to aftersales service for over 5,000 users. HORIZON was honored the "Best Customer Satisfaction" for Gym Equipment, thanks to recognition from numerous users!

### Customer complaint handling process



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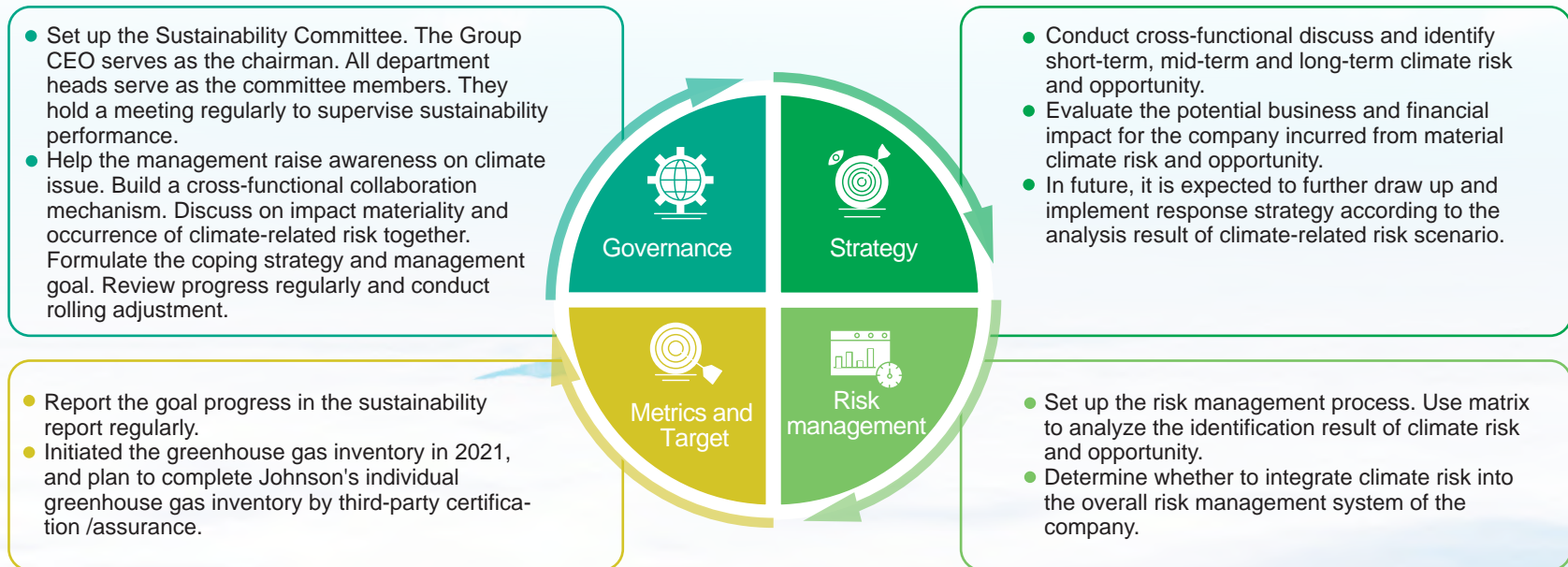
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# 1.4 Climate action

To keep track of potential impact of climate change on operation, Johnson has been setting up the climate information framework for four core elements by utilizing the Task Force on Climate-related Financial Disclosures (TCFD) released by the Financial Stability Board (FSB) since 2022. All departments have been invited to identify climate change risks and opportunities associated with Johnson, and formulate countermeasures and management goals based on the identification result.

## 1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)

### Four core elements





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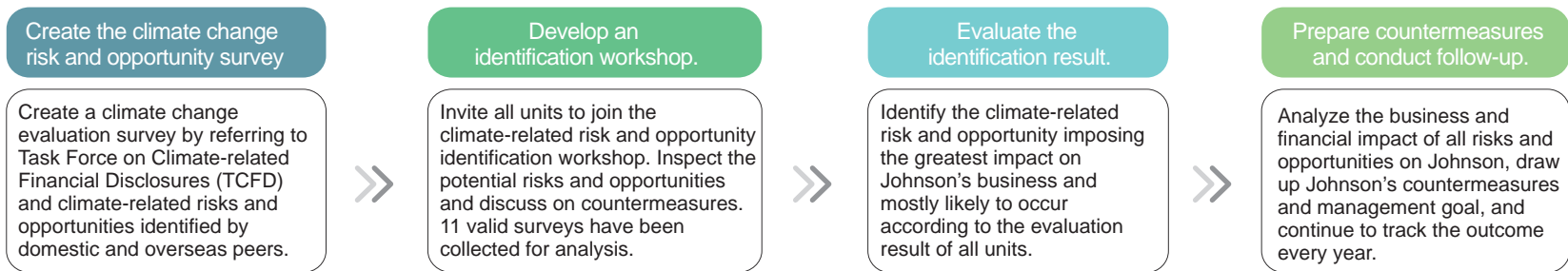


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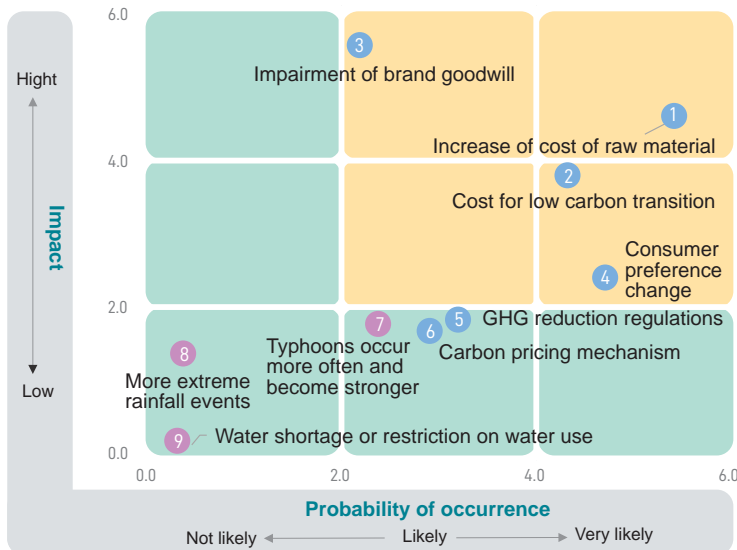
Through cross-unit collaboration and discussion, Johnson identifies the climate-related physical risk, and transition risk and opportunity associated with Johnson the most. This identification result shows the climate risk with moderate impact and above and occurrence, including increase of raw material cost, cost expenditure of low-carbon transition, degraded brand goodwill and change of consumer preference. Climate opportunities with medium impact and above and occurrence include developing or expanding the low-carbon product and service, increasing willingness to buy, developing renewable energy item, adopting energy saving measures, and forging ahead to a more efficient process. We will continue to promote various climate action plans, expect to reduce business and financial impact of climate change risk, and seize the chance to growth brought by climate.

### Climate change risk and opportunity identification process.

Johnson identifies the climate change risks and opportunities by following four steps:



### Matrix of climate change risk materiality



Note: The orange icon indicates the transition risk and the blue icon indicates the physical risk.

Transition risk		
Order	Risk type	Risk factor
1	Market risk	Increase of cost of raw material
2	Technical risk	Cost for low carbon transition
3	Reputation risk	Impairment of brand goodwill
4	Market risk	Consumer preference change
5	Policy and regulatory risk	GHG reduction regulations
6	Policy and legal risk	Carbon pricing mechanism
Physical risk		
Order	Risk type	Risk factor
7	Immediacy - Typhoon	Typhoons occur more often and become stronger.
8	Immediacy - Heavy rainfall	More extreme rainfall events
9	Long - term - Drought	Water shortage or restriction on water use



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Appendix

Risk level	Risk type	Risk factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
<b>Material</b>	Transition risk - Market risk	Increase of cost of raw material	Cost of raw material required for manufacturing of gym equipment increases due to climate change. As the result, the supplier contract amount increases, and manufacturing cost increases accordingly.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>Product or raw material shortage leads to unstable supply or supply chain disruption. The company have problem providing goods.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>The cost for raw material increases due to raw material shortage.</li> <li>Raw material shortage leads to impeded process and business disruption, reducing revenue.</li> </ul>	Mid-term (in three to five years)	Negotiate a stable supply arrangement with the supplier to ensure stable product price and supply, and avoid supply chain disruption.
	Transition risk - Technical risk	Cost for low carbon transition	The government's and customer's demand for low-carbon solution changes the orientation for product development. For example, when promoting low-carbon transition, the R&D cost increases due to reduction of carbon emission from company business.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>Greenhouse gas increase is challenged by competent authority. The number of orders and production might be limited.</li> <li>Customers would be lost if neglecting consumer's demand on low-carbon product.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>It is required to increase the R&amp;D cost in order to promote low-carbon transition.</li> <li>Carbon fee will be collected. Expenditure cost will increase if not implementing low-carbon transition.</li> <li>Brand loyalty decreases. Customers have been lost, reducing revenue.</li> </ul>	Short-term (in one to three years)	Johnson will respond to low-carbon transition trend. It will actively invest in low-carbon product innovation and development, and aim to reduce energy efficiency in the process and business carbon emission.
	Transition risk - Reputation Risk	Impairment of brand goodwill	The corporation puts climate risk into consideration according to the international trend. If the corporation manages climate risk improperly, stakeholders might not trust the corporation, affecting the brand goodwill negatively. The customer doesn't trust the brand that much anymore, leading to revenue reduction and goodwill impairment.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>Cannot meet investor's expectation on corporate sustainability, reducing investment willingness.</li> <li>Suppliers will be less willing to collaborate and consumers will not trust the brand that much anymore due to damage to corporate image.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>Investors are less willing to make investments, leading to share price drop.</li> <li>Brand loyalty decreases. Customers have been lost, reducing revenue.</li> </ul>	Long-term (in five years and above)	In 2022, Johnson established the Sustainable Development Committee. To cope with all kinds of risks of climate change, Johnson convened all units to discuss on impact materiality and possibility of occurrence, set up countermeasures and management goals for all material climate risks, regularly review the progress and conduct rolling adjustment.
	Transition risk - Market risk	Consumer preference change	Consumers gradually pay more attention to climate issues, prefer to to choose low-carbon or low environmental impact product. The product might be eliminated from the market if not meeting the consumption demand.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>Consumers tend to buy low-carbon products from other brands, hence customers have been lost.</li> <li>Launch more types of low-carbon products to adapt to consumer preference change will help enhance the green image of the brand and strengthen sustainability competitiveness.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>Consumers turn to peers instead, hence our revenue is decreased.</li> <li>Keep track of increasing market demand of low-carbon product, in order to enhance revenue growth of relevant product and further promote the market value and share price growth of the corporation.</li> </ul>	Mid-term (in three to five years)	Johnson's product design has met energy saving design requirements, complied with energy-related EU product directives, and mostly gears toward self-power generation. We will adapt to consumer's purchase preference and market needs, continue to invest in low-carbon product development, and strive for increasing proportion of revenue of low-carbon products.



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Risk level	Risk type	Risk factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Secondary	Transition risk - Policy transition risk and regulation risk	GHG reduction regulations	Based on the carbon reduction goal set by domestic competent authorities to adapt to climate change, the Company must execute carbon inventory and carbon reduction planning. The operating expense will increase at the initial stage of carbon reduction plan.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>● Setting and implementing the reduction goal help enhance the green image of the brand and strengthen sustainability competitiveness.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>● Initiate the carbon inventory and third-party certification, hence the input cost will increase.</li> <li>● Implementing reduction planning will enhance corporate image. Suppliers are more willing to collaborate and consumers trust brands more, leading to revenue growth.</li> </ul>	Short-term (in one to three years)	To adapt to the "Roadmap for Sustainable Development of Companies," Johnson initiated the greenhouse gas Scope 1 and 2 inventory in Taiwan in 2021. It will plan for numerous carbon reduction measures and set the reduction goal.
	Transition risk - Policy and regulation risk	Carbon pricing mechanism	The government promotes the carbon pricing mechanism. The company will be fined due to excessive carbon emission, and the operational cost will be increased.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>● Greenhouse gas increase is challenged by competent authority. The number of orders and production might be limited.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>● Excessive carbon emission will lead to increase of carbon fee.</li> </ul>	Long-term (in five years and above)	Johnson will prepare the carbon reduction strategy and goal according to the greenhouse gas inventory result, in order to conduct more effective financial evaluation and goal management.
	Physical risk - Immediacy - Typhoon	Typhoons occur more often and become stronger.	There are more strong typhoons, causing business disruption or factory shut down. Factory workers might even get in danger when the situation is severe.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>● Typhoon causes business disruption, and the original business plan is delayed.</li> <li>● Employees are injured due to strong wind or heavy rain during commute or operation.</li> <li>● Goods production for some suppliers is impacted by typhoon. Supply drop will cause supply chain shortage or even disruption.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>● Revenue drops due to business obstruction or disruption.</li> <li>● Revenue might drop due to supply chain shortage or even disruption.</li> </ul>	Long-term (in five years and above)	Johnson reinforces drill and promotion at the headquarter, and all factories and offices, ensures employee safety. In the mean time, Johnson fulfills supply chain management and prevents business disruption due to supply chain shortage or disruption.
	Physical risk - Immediacy - Heavy rainfall	Extreme rainfall occurs more often.	Rainstorm occurs more often. The company office or factory might be flooded or puddled, leading to property loss or higher manufacturing cost. Equipment production progress might also be affected.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>● Flood causes business disruption, and the original business plan is delayed.</li> <li>● Occupational injury occurs due to strong rainfall or flood in the operating area.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>● Revenue drops due to business obstruction or disruption.</li> <li>● Products are damaged due to flooded warehouse, leading to depreciation of stocked products.</li> <li>● Equipment is damaged or its service life is reduced due to flood.</li> </ul>	Mid-term (in three to five years)	When a strong typhoon or heavy rainfall alert has been released, Johnson will carry out protective measures in advance, such as piling sandbags or door and window reinforcement. In addition, we will build an intelligent storage on high ground, reducing the risk of flooding storage due to strong rainfall.



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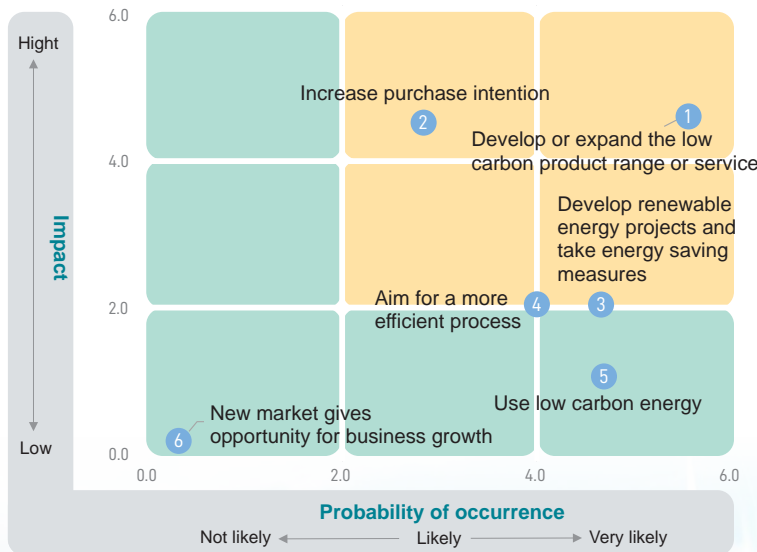
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Risk level	Risk type	Risk factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Secondary	Physical risk - Long-term - Drought	Water shortage or restriction on water use	Climate change causes uneven distribution of rainfall. Water shortage occurs to some areas, leading to business disruption due to water shortage of production line.	<p><b>Business impact</b></p> <ul style="list-style-type: none"> <li>● Goods production for some suppliers is impacted by water shortage. Supply drop will cause supply chain shortage or even disruption.</li> <li>● Business water shortage occurs due to water shortage.</li> </ul> <p><b>Financial impact</b></p> <ul style="list-style-type: none"> <li>● Revenue might drop due to supply chain shortage or even disruption.</li> <li>● It costs the company more when obtaining the raw material required for operation.</li> </ul>	Mid-term (in three to five years)	Johnson reinforces water resource management. Besides helping employees learn more about water saving, and build water saving habits and awareness, Johnson will continue to plan for energy saving action, and increase process water recycling rate.

Matrix for possibility of climate change



Opportunity		
Order	Opportunity type	Opportunity factor
1	Product and service	Develop or expand the low carbon product range or service
2	Market	Increase purchase intention
3	Resilience	Develop renewable energy projects and take energy saving measures
4	Energy efficiency	Aim for a more efficient process
5	Energy source	Use low carbon energy
6	Market	New market gives opportunity for business growth

Material

Secondary



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Opportunity level	Opportunity type	Opportunity factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
<b>Material</b>	Product and service	Develop or expand the low carbon product range or service	The ESG concept of health care device industry is to achieve innovative technology, and the goal of low carbon and even zero carbon emission, and zero waste. Major international brands gradually focus more on circulation economy and green products to mitigate negative environmental impact of the product.	<b>Business impact</b> ● Develop low-carbon product and service will enhance the green image of the brand and strengthens sustainability competitiveness.	Mid-term (in three to five years)	Johnson promises to follow the 2025 net zero roadmap and forge ahead to net zero carbon emissions. In the group environment, we are committed to continuing to reduce business waste, use resources effectively, achieve recycling where possible, reduce environmental impact of the product.
				<b>Financial impact</b> ● Getting a good hand in the industry will boost revenue growth via low-carbon product and service.		
	Market	Increase purchase intention	While people in Taiwan become more aware of sustainability consensus and cognition, offering low-carbon products or the products with environmental benefits in future can strengthen corporate image and increase market value. Consumers might be more willing to buy, hence boosting revenue.	<b>Business impact</b> ● Enhance corporate image and market value. Expand the potential customer group.	Mid-term (in three to five years)	Not only invested in low-carbon product development and manufacturing, Johnson actively promotes low-carbon products. As an influential fitness brand, we will reduce carbon with the world.
				<b>Financial impact</b> ● Meeting consumer's preference in low-carbon product will boost the revenue.		
Resilience	Develop renewable energy projects and take energy saving measures	Under the challenge of climate change, to respond to the government's energy transition policy, solar panels can be installed on the factory rooftop for developing green power, reducing reliability on power grid, and increasing energy stability.	<b>Business impact</b> ● Prepare sufficient power generated from renewable energy in advance and enhance adaptation to policy.	Mid-term (in three to five years)	Johnson has installed solar power generation devices on the rooftop of the factories in Taiwan, and plans to join "RE 10x10," a corporate green power initiative. Johnson announces that at least 10% of the total power consumption will be green by 2025.	
			<b>Financial impact</b> ● Although there's more expenditure cost when the renewable energy generation device is first installed, but when the cost for green power decreases, the energy expenditure will also decrease.			
Energy efficiency	Aim for a more efficient process	Increase energy efficiency for new or existing production line. Reduce energy and resource use and pollution emissions. In addition to lower business cost, product value can be increased.	<b>Business impact</b> ● Increase equipment efficiency and reduce resource and energy consumption.	Short-term (in one to three years)	In the group environment, Johnson is committed to using low-pollution, hazard-free process or equipment where possible. Furthermore, we will increase process energy efficiency, and continue to reduce energy and resource use and pollution emissions.	
			<b>Financial impact</b> ● Increasing energy efficiency reduces energy expenditure.			



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Opportunity level	Opportunity type	Opportunity factor	Risk description	Potential impact (business/financial)	Duration of impact	Johnson's countermeasures and management goal
Secondary	Energy efficiency	Use low carbon energy	Coal power generation will cost more in future and green power will cost less. Corporations can invest in low-carbon energy transition plan in advance, reduce greenhouse gas emissions, and get a head start on carbon trading market.	<b>Business impact</b> ● Purchased electricity is replaced with renewable or low-carbon energy, helping companies achieve the corporate net zero target.	Mid-term (in three to five years)	Johnson has installed solar power generation equipment on the rooftop of factories in Taiwan and assesses whether to install solar panels. Johnson plans to purchase T-RECs and promises to use 100% renewable energy by 2050.
				<b>Financial impact</b> ● Higher cost for coal power generation will lead to higher energy expenditure and cost for raw material acquisition.		
	Market	New market gives opportunity for business growth	Market trend focuses on low-carbon product demand and reduction of product lifecycle footprint. New business opportunities will be created.	<b>Business impact</b> ● Consumers are gradually more aware of low-carbon consensus. Seize the low-carbon business opportunity, and enhance corporate sustainability image and value.	Short-term (in one to three years)	Johnson actively expands the low-carbon market, invests in innovative development of low-carbon product, satisfies consumer's green preference, continues to encourage consumers support low-carbon consumption, and enhance the company's sustainability goodwill. Johnson hopes that consumers will recognize company sustainability more.
				<b>Financial impact</b> ● Investors are more willing to invest in the corporation because of good corporate sustainability image, hence the market value will increase. ● Meeting consumer's preference in low-carbon product will boost the revenue.		

## 1.4.2 Greenhouse gas emission management

**305-1** **305-2** **305-4**

### Greenhouse gas inventory

Based on the "Roadmap for Sustainable Development of Companies" announced by the Financial Supervisory Commission. Johnson is a listed company with capital amount below NT\$ 5 billion. Johnson shall complete individual greenhouse gas inventory by 2026 and complete assurance by 2028. Johnson fully understands how greenhouse gas affects climate change. Identification of emission resource and source reduction are urgent. Therefore, we initiated the inventory plan in 2021 and conducted greenhouse house self-inventory of Scope 1 and 2 for factories in Taiwan. We plan to perform third-party assurance in order to set the reduction goal and promote relevant carbon reduction measures. In future, we will gradually expand the inventory and assurance scope. All overseas factories and offices will be included.

### Greenhouse gas emissions in the past 3 years

Unit: tCO<sub>2</sub>e

Greenhouse gas emission resource		2020	2021	2022
Direct emissions (Scope 1)	Gasoline	201.99	220.85	229.32
	Diesel	239.12	255.50	242.73
	Natural gas	353.50	395.68	408.44
Indirect energy emissions (Scope 2)	Purchased electricity	1,780.27	1,858.62	1,704.45
Total emission		2,574.87	2,730.65	2,584.95
Individual revenue (NTD thousand)		9,534,859	11,977,907	12,508,405
Emission intensity		0.000270	0.000228	0.000207

Note 1: Inventory of greenhouse gas emission calculation is based on the Operational Control Act. It is calculated by multiplying activity data, emission factor and GWP value. The emission factor in Greenhouse Gas Emission Factor Management Table ver. 6.0.4 from Environmental Protection Administration, and GWP value in IPCC Fourth Assessment Report (2007) are used. Greenhouse gas includes CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

Note 2: The data in Scope 1 from 2020 to 2022 is quoted from gasoline emission factor 2.361 kg CO<sub>2</sub>e / L, diesel emission factor 2.650 kg CO<sub>2</sub>e / L and natural gas emission factor 1.881 kg CO<sub>2</sub>e / m<sup>3</sup> in Greenhouse Gas Emission Factor Management Table ver. 6.0.4. Calculation for Scope 2 is quoted from the power emission factor announced in the same year by Bureau of Energy, MOEA. The power emission factor in 2020 and 2022 is 0.509 kg CO<sub>2</sub>e / kWh. The power emission factor in 2021 is 0.502 kg CO<sub>2</sub>e / kWh.

Note 3: Emission intensity = Total emission (tCO<sub>2</sub>e)/individual revenue (NTD thousand).

Note 4: Johnson sets that the base year is 2021.

Note 5: Calculation for Scope 1 from 2020 to 2022 excludes fugitive emission information such as refrigerant or slurry.





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Appendix

# 1.5 Energy management

## Energy management

Johnson's headquarter and all factories primarily use purchased electricity, gasoline, diesel and natural gas. All the energies used are non-renewable ones. The gasoline used by the company car, and the diesel used by truck and forklift are calculated based on the refill record at CPC gas station. The natural gas used is calculated based on the purchase record. The purchased electricity used is calculated based on the electric bill from Taiwan Power Company. Our goal is to save 1% power per year. We conduct examination and correction for energy consumption of the Company every year, and implement management of all energy sources.

### Energy use in the past three years 302-1 302-3

Energy type	Unit	2020	2021	2022
Gasoline	Liter	85,688	93,690	97,284
	Energy consumption (GJ)	2,797.78	3,059.05	3,176.40
Diesel	Liter	90,326	96,513	91,691
	Energy consumption (GJ)	3,176.08	3,393.63	3,224.08
Natural gas	kWh	187,941	210,369	217,155
	Energy consumption (GJ)	7,080.49	7,925.44	8,181.10
Purchased electricity	kWh	3,497,576	3,702,440	3,348,620
	Energy consumption (GJ)	12,591.27	13,328.78	12,055.03
Total energy consumption (GJ)		25,645.62	27,706.90	26,636.61
Individual revenue (NTD thousand)		9,534,859	11,977,907	12,508,405
Energy intensity		0.00269	0.00231	0.00213

Note 1: The data refers to 7,800 kcal of gasoline per liter, 8,400 kcal of diesel per liter, 9,000 kcal natural gas per cubic meter (kWh), 3.6 million J per kWh, and 1 kcal = 4,186J released by the Bureau of Energy, MOEA.

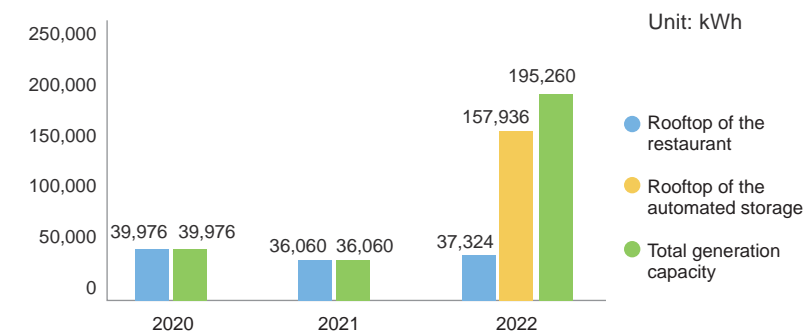
Note 2: Data covers the headquarter and factories in Taiwan.

Note 3: Energy intensity = Total energy consumption (GJ)/Individual revenue (NTD thousand).

## Overview and generation capacity of solar panel device

Since 2020, Johnson has installed solar panel power generation system on the rooftop of factories in Taiwan for green power and sells power back to Taiwan Power Company. In June 2022, the solar panel generation device on the rooftop of automated storage has been activated. In 2022, green power is 5.8% of purchased electricity at Johnson. We actively plan to install renewable energy generation device and purchase green power, expect to join "RE 10x10," a green power initiative. Johnson declares that at least 10% of the total power consumption will be green by 2025 and promises to use 100% renewable energy by 2050.

### Solar power generation capacity in the past three years



Note: The data comes from Renewable Power Generation Feed-In Tariff Electricity Bill from Taiwan Power Company.



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## Energy saving measures 302-4

Johnson established the Energy Saving Program Committee. We continue to pay attention to and aim to promote energy saving measures, take action to develop numerous energy saving programs, reduce energy consumption, in order to meet the requirement for saving 1% power. Johnson's energy saving measures and improvement outcomes in 2022 are as follows:

- We operate the system manually based on outdoor temperature to judge whether to turn on the central air conditioning system. If the temperature is below 25°C, we don't turn on air conditioning to keep electricity fee to a rational range.
- The 100-ton and 120-ton central air conditioners control temperature alternately for about three months (about 60 workdays), reducing power consumption.
- Keep the temperature of air conditioner at 27°C to save energy.

43,200 kWh (155.2 GJ) has been saved comparing to 2021, saving 1.17% of total power, achieving the goal for saving 1% power per year. 21,988.8 kg CO<sub>2e</sub> of carbon emissions has been saved for the Earth.



# 1.6 Water resource management

## Water resource management

Both of Johnson's headquarter and factories in Taiwan are located in Taichung. Their water supply is groundwater well and tap water. By referring to Water Risk Atlas from World Water Institute, we make sure that water supply for our operation is not from the water stressed area. The Company's operation has no significant impact on head-water point. Johnson's water consumption is primarily the process water, office drinking water, and domestic water for cleaning and washing.

We know how valuable water is. To utilize water resources effectively, we promote water saving in the office in daily life by installing water saving equipment in all of our offices such as water saving toilet and faucet. We also continue to promote water saving to employees. Besides continuing to promote water saving action, Johnson will plan to recycle process water, set a relevant goal, and enhance water efficiency.

## Statistics for water withdrawal in the past three years 303-3

Unit: Megaliters

Water resource		2020	2021	2022
Groundwater	Freshwater ( $\leq 1,000$ mg/L TDS)	67.35	67.23	67.50
	Other water sources ( $> 1,000$ mg/L TDS)	0	0	0
	Total	67.35	67.23	67.50
Third-party water	Freshwater ( $\leq 1,000$ mg/L TDS)	5.85	5.72	7.69
	Other water sources ( $> 1,000$ mg/L TDS)	0	0	0
	Total	5.85	5.72	7.69
Total water withdrawal		73.20	72.95	75.19

Note 1: The data comes from water meter record and tap water bill.

Note 2: Water Rights Registration No. B1060078 for water rights extension application has been submitted to Water Resources Agency on July 8, 2022. Water rights permission has been extended to August 9, 2027. Water Rights Registration No. B1060115 for water rights extension application has been submitted to Water Resources Agency on October 5, 2022. Water rights permission has been extended to October 19, 2027.



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## Sewage and wastewater management

Johnson understands that untreated wastewater and sewage will cause irreversible hazards to the environment, hence it closely monitors wastewater discharge. It entrusts an external third-party examination unit to monitor water quality regularly, tests the quality of effluent every three months, and test the quality of raw wastewater and effluent, to ensure that COD and SS of effluent meet the standard. Relevant water quality control items and standards comply with the water pollution control measures plan. By following the requirements of competent authorities, Johnson submits documents on operation of sewage and wastewater treatment facilities and water quality and volume testing of effluent every half year. We conduct sewage and wastewater control based on the “Environmental Monitoring and Pollution Control Procedure”. The sewage and wastewater pre-processing facility is installed in the factory. Business wastewater is purified by chemical processing to a legal level and discharged to discharge point. Domestic sewage is discharged to the ditch directly.

# 1.7 Waste management

## Waste policy and management

Johnson acquired ISO 14001 Environmental management system certification in 2002 and passed the latest version (ISO 14001:2015) in 2020. Johnson continues to improve and maintain the environmental management system. We sort, collect, store, manage, inspect waste and entrust waste cleaning to cleaning companies according to the “Environmental Monitoring and Pollution Control Procedure”. We control the pollutant discharged during the process to prevent polluting the factory and its surrounding area, and make sure that employees and residents in neighborhood stay healthy.

## Waste handling process

Based on the composition of the waste in the factory, Johnson divides the waste into general household waste and business waste, and cleans the waste based on the waste cleaning plan. Relevant units go around the area each unit in charge of to inspect waste sorting and storage every day, and record waste volume every week. General household waste and process waste, including inorganic sludge, EAF dust and waste lubricant oil, are entrusted to qualified cleaning company as required by regulations.



Statistics for business waste **306-3** **306-5**

Unit: Ton

Waste category		2020	2021	2022	Disposal operation
General business waste	General household waste	9.31	25	25	Incineration
	Inorganic sludge	14.74	14.82	9.4	Recycling
	EAF dust	24.1	12.82	15.84	Recycling
	Waste lubricant oil	1.37	1.07	2.13	Recycling
<b>Total</b>		<b>49.52</b>	<b>28.71</b>	<b>27.37</b>	

Note 1: There's no hazardous waste at Johnson from 2020 to 2022.

Note 2: It is not required to report general trash to EPA starting from 2021. It is an estimated value.

Note 3: The total recycled waste diverted in 2022 is 27.37 tons. The waste is processed offsite.

Note 4: The data comes from the recorded statistics in EPA's IWR&MS.



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## Waste reduction measures

To facilitate healthy life for all humans and strive to help the Earth stay healthy, Johnson promises to conduct numerous waste reduction measures in the group environmental policy. We design the product package to adapt to the machine size. 24% to 38% of the packaging volume has been reduced to minimize the packaging volume. We promote green packaging material such as carton.

Johnson knows well how to use space effectively by packing, increasing the warehouse storage space and enhancing the loading rate of logistics. Therefore, we adopt the most simplified design when matching the machine with packaging material, and improve container loading of finished product. Container loading capacity of products with different models is increased between 13% to 52%. While enhancing logistics efficiency, we can reduce the footprint for delivery of each cargo. In future we will set a specific waste reduction goal, promote recycling of product packaging material. We proceed with the product recycling plan (disassembly, remanufacturing, reutilization or recycling of product and its part) and use less raw materials. This shows our belief that how we care about environmental sustainability and spare no effort in helping the Earth stay healthy.

Johnson designs the product packaging based on the machine size, and increases space utilization of packaging design for different machines. Paper packaging material can be reduced and more finished products can be loaded into a container.

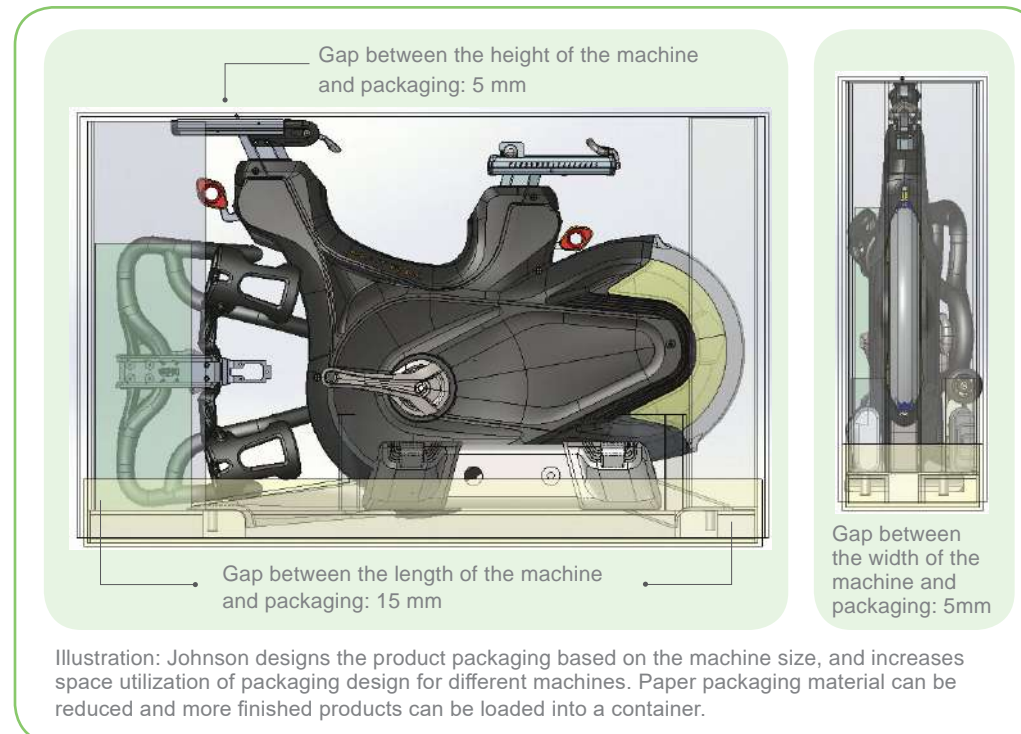


Illustration: Johnson designs the product packaging based on the machine size, and increases space utilization of packaging design for different machines. Paper packaging material can be reduced and more finished products can be loaded into a container.

# 2

Chapter

# Happiness

## Practice of happy life

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### Our commitment

Talent is our most valuable, important asset at Johnson. Every employee is our partner for creating a happy life. We have put the right man in the right place. Combining with the Company's development goal, we closely integrate with important values and concepts of Johnson and employee development, help the overall group grow continuously, and maximize human resources. We offer and support the healthy life program for people around the world, create social well-being with health influence, and build more dreams of a healthy life.





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## 2.1 Talent attraction and retention

Johnson has 34 marketing subsidiaries and up to 300 retail channels in 60 countries with over 7,000 employees. Since founding in 1975, we have been recruiting talents sharing the same idea, and this has always been motivating growth of our group throughout our 48 years. In the meantime, maintaining a good workplace is essential to our continuous global expansion.

### 2.1.1 Talent recruitment

Johnson's core concept is health, value and sharing. Like-minded talents are welcome to realize the corporate spirit with us. Our talent recruitment strategy is to recruit local and diverse talents. We value morality, specialty and competence without being affected by gender, nationality, ethnicity, political party, religion or ideology. We have no differential treatment on recruitment or career development.

Our domestic recruitment channels now are mostly the human resource platform and vocational training center. We find talents on the open platform through professional contact. We also believe in cohesion of positive influence of employees. Through the internal job opening announcement, employees may apply for a job or recommend a competent employee. We recruit full-time employees, interns and part-time students. A specific recruitment procedure is available for people with disabilities to guarantee the rights of disadvantaged groups. To achieve the ideal goal of putting the right man in the right place for the right purpose, Johnson has a strict recruitment system and process, and offers orientation training. People who completed the training can become one of us.

#### New and resigned employees 401-1

In 2022, the total number of new employees is 460 employees. The employee rate is 35.77%. The total number of resigned employees is 394 employees. The resignation rate is 30.64%. As for talent recruitment and retention, to maintain stability of the company and enhance operation achievement, Johnson will plan for an employee engagement survey, actively care about employees' thoughts, and further adjust company operation and human resource management, to meet stakeholders' expectations.

#### Number of new employees

Gender	Age	Number of employees	Percentage
Female	29 years old and below	39	65.00%
	30–49 years old	71	26.10%
	50 years old and above	23	31.51%
	Subtotal	133	32.84%
Male	29 years old and below	144	96.00%
	30–49 years old	168	28.43%
	50 years old and above	15	10.71%
	Subtotal	327	37.12%
	Total	460	35.77%

### Number of resigned employees

Gender	Age	Number of employees	Percentage
Female	29 years old and below	25	41.67%
	30–49 years old	73	26.84%
	50 years old and above	20	27.40%
	Subtotal	118	29.14%
Male	29 years old and below	113	75.33%
	30–49 years old	143	24.20%
	50 years old and above	20	14.29%
	Subtotal	276	31.33%
Total		394	30.64%

Note: The percentage of new and resigned employees is calculated by using the total number of employees in each category(age/gender) as of December 31, 2022 as the denominator.

## 2.1.2 Labor composition 401-5

Johnson’s head office primarily operates in Taiwan. The total number of employees is 1,286 employees. There are 157 senior executives. The local recruitment rate is 100%. There are 10 non-full-time employees, including temp workers, contract workers, interns and external consultants.

Note: The senior executive refers to the executives that are assistant managers and above.

### Employee composition statistics

#### Number of employees

Type	Female	Male	Total
Full-time employee	405	875	1,280
Temporary worker (temp worker + contract worker)	0	6	6
Total	405	881	1,286

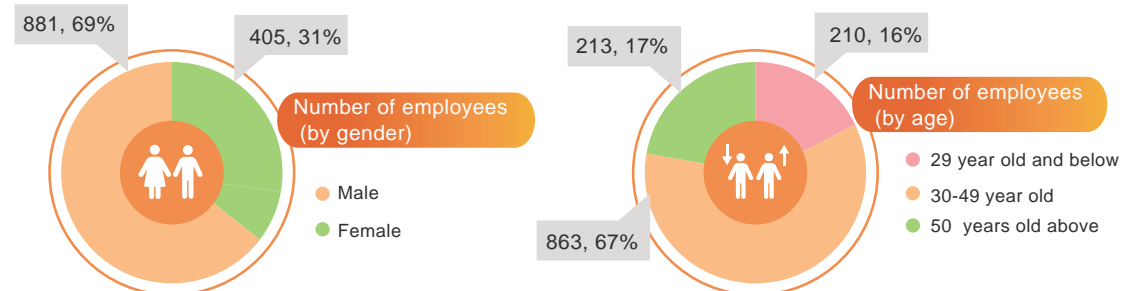
#### Number of non-employees

Type	Total	Primary work
Intern	1	Administrative work in the office area of Head Office
External consultant	3	Administrative work in the office area of Head Office
Total	4	

Note 1: Employee composition statistics is calculated based on the total number of employees when the report ends (December 31, 2022).  
 Note 2: The main operational base is primarily Johnson’s Head Office in Taiwan. “Local” refers to Taiwan.  
 Note 3: The definition of non-employee is the worker not subject to performance appraisal.

### Employee diversity

Johnson is in the gym equipment manufacturing industry. There’s a high labor demand for production line. There are 405 female employees and 881 male employees in the office area of Head Office, factories in Taiwan and the marketing department in Taiwan. These include 1,123 local employees and 163 foreign employees. The proportion of male employees is relatively higher. The primary age group of employees is 30 to 49 years old.



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### Number of employees

Gender	Age	Number of employees	Percentage
 Female	29 years old and below	60	4.67%
	30–49 years old	272	21.15%
	50 years old and above	73	5.68%
	Subtotal	405	31.49%
 Male	29 years old and below	150	11.66%
	30–49 years old	591	45.96%
	50 years old and above	140	10.89%
	Subtotal	881	68.51%
Total		1,286	100%

### 2.1.3 Salary and performance appraisal

2-19 2-20 404-3 405-2

Talent is the most valuable and important asset for Johnson. The Company aims to create a corporate sustainability model with social responsibility; hence, our salary policy adapts to operating performance and pays attention to self-value realization of the employee. The Company's goal is to increase employee satisfaction and reduce labor turnover rate. A complete salary system has been designed that offers entry salary higher than the market rate. Other bonuses are granted to outstanding employees, including performance bonus, proposal bonus, occasional motivation bonus and dividend, to create a win-win situation for Johnson and employees. We implement a fair, justice appraisal system and comprehensive promotion system, offering career development and chances of growth for employees. It is expected that our employees can develop better. In the meantime, we fulfill the corporate social responsibility and facilitate corporate sustainable development.

### Average employee salary

The definition of senior executive at Johnson is assistant manager and above. The definition of mid-level manager is section manager and above. The rest of the employees are not executives. The average salary includes the basic salary and dividend. In 2022 at our primary business locations in Taiwan, the ratio of female to male non-executive employees is 95%, the ratio of female to male mid-range managers is 90%, and the ratio of female to male senior executives is 78%.

Employee type	Ratio	
	Female	Male
Non-executive employee	97.7%	100%
Mid-level manager	88.0%	100%
Senior executive	81.8%	100%

### Performance appraisal system

Annual performance appraisal is conducted at Johnson, striving to ensure fulfillment of the operative goal and personal growth of employees, and flexibly utilizing the Management by Objectives (MBO). Combining the annual goal of Johnson with personal performance, the appraisal standard is formulated based on this combination. Johnson ascertains the job performance and personal growth of employee, and achieves business goal management through performance appraisal. In addition, we focus on performance appraisal and further help our company adjust labor strategy, to make sure that our company stays in the lead in the competitive market. We offer promotion chances, adjust salary and provide training plan, to motivate employees to elaborate potential and create greater values with us. The appraisal result is divided into Grade A, B and C as the basis for promotion qualification, salary adjustment and education training course planning. We care about employee's common development and opinion, hence we invite employees and executives with Grade C to propose specific self-improvement plans together, so we can help them. Performance appraisal for all employees is not differentiated by gender.

100% of the full-time employees received appraisal in 2022. Meanwhile, all executives received a comprehensive performance interview and appraisal training. They help employees head toward the goal they expected for themselves through guidance, encouragement and career counseling. Johnson aims to offer the best support and assistance, and makes sure that all employee can fully elaborate their own potential, continue to grow, and create greater values for the organization.




Annual performance appraisal

MBO online evaluation

Management function evaluation




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Johnson cares about employee career development. Regular rank promotion is conducted after performance appraisal to make sure that employees have enough chances for development and growth at work. We consider seniority, performance, education training hours and language competence for different ranks to make sure that we promote the right man for the right place. In addition, to guarantee fairness and independence of promotion decision-making, Johnson established the Human Resource Evaluation Committee, consisting of executives of the human resource unit, vice president and other selection committees. They are responsible for further review regarding promotion to higher ranks. To motivate employees to keep making breakthroughs, the Human Resource Evaluation Committee brings up suggestions and KPI requirements for employees to be promoted. This commitment will be listed in the MBO plan of the employee for the next year. Besides annual appraisal, the usual appraisal system is available at Johnson. Employees receive reward or punishment depending on their performance. We pay attention to employee's daily performance and offer corresponding care and assistance to motivate employees and help them do a better job. We continue to enhance talent competence for us to stay ahead in the competitive market. In the meantime, this shows that we care about stakeholders and we are committed to them.

## 2.1.4 Employee benefit 401-2 401-3

Johnson believes that by creating a superior environment for employees to work and live flexibly, Johnson will become more vigorous and grow more, hence it will be able to promote health concepts around the world. For Johnson employees, both professional depth and life abundance are important achievement indicators. They will be taken care of properly from food, clothing, housing, transportation to mentality.

Employee benefit list: 360-degree care in food, clothing, housing, transportation, education and entertainment.

### Motivation and guarantee

#### Bonus



Performance bonus, proposal bonus, occasional incentive, company dividend, and the bonus for Chinese New Year, Dragon Boat Festival and Moon Festival

#### Insurance



The insurance system is better than the ones specified in the Labor Standards Act. Besides this, basic labor and health insurance, employee and dependent group insurance are available. For group insurance, life insurance, medical insurance and disability insurance are better than those specified in regulations. Both the retirement system and employee stock meet legal regulations.

#### Leave



Our leave system is better than that specified in the Labor Standards Act. Full-time employees receive 10 days' leave per year immediately after on-boarding. Parental leave, menstrual leave, family care leave, paid marriage leaves and paid paternity leave are available.

#### Health



The employee health check-up and EAPs are offered every year. Professional medical personnel are available at the factory to maintain safety and the emergency needs of factory workers, and to adequately evaluate whether the health condition of factory worker meets working requirements.

## Food, clothing, housing and transportation



## Indoor professional equipment: Employee gym

Johnson is fully aware of the importance of mental and physical health. A free, superior gym for employees has been built based on Johnson's expertise. Besides diverse gym equipment, fully functional comfortable massage chairs are available for employees to relax after a workout. We update gym equipment regularly just like how Johnson continues to strive for innovation, to ensure that employees enjoy the best exercising experience. In the meantime, we encourage employees to exercise and embrace a healthy life, hence we also have product discounts for employees. We care about employee's physical and mental health by offering physical facilities in the office and benefits, and create a workplace for employees to stay happy and healthy.



## Enthusiasm and interaction: Employee club

Johnson has various clubs, e.g. rhythm dance, badminton, softball, bike and bowling, showing that our corporation truly loves sports. We help employees build workout habits and encourage them to take on different hobbies to help them achieve work-life balance. In the meantime, employees have more chances to interact with each other, facilitating coherence and teamwork.



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## Diversity and inclusion: Water Festival

The Water Festival is one of the grandest traditional festival in Thailand and Southeast Asia. Johnson hopes that foreign workers here can enjoy the traditional festival ritual just like people in their hometowns and share the traditional culture with Johnson's employees. Therefore, the celebration for the Water Festival is held at the foreign worker dormitory for employees to celebrate together. This relieves nostalgia and shows diversity and inclusion at Johnson.



## Value work and family: Childcare and care for female employees

Johnson cares about work-family balance for each employee and provides a comprehensive parental leave system. Employees who meet the requirements of the Act of Gender Equality in Employment are encouraged to and may apply for parental leave without pay. Johnson promises to reserve the right to work for employees. 17 employees were eligible for parental leave in 2022 and 17 employees took parental leave. The reinstatement rate is 88.2% and retention rate is 50%. In addition, Johnson provides a breastfeeding room indoors and supports employees with children by offering flexible working hours. We have taken action to show that our corporate culture cares about family values.

## Statistics for parental leave

Statistics for the scope of head office in Taiwan in 2022	Male	Female	Total
The total number of employees eligible for parental leave in 2022	7	10	17
The total number of employees applying for parental leave in 2022	7	10	17
The number of employees shall be reinstated after parental leave in 2022 (A)	7	10	17
The number of employees reinstated after parental leave in 2022 (B)	6	9	15
The number of employees reinstated after parental leave in 2021 (C)	3	5	8
The number of employees reinstated after parental leave in 2021 and worked at least a year (D)	1	3	4
Reinstatement rate (%) = B/A	85.7%	90.0%	88.2%
Retention rate % = D/C	33.3%	60.0%	50.0%

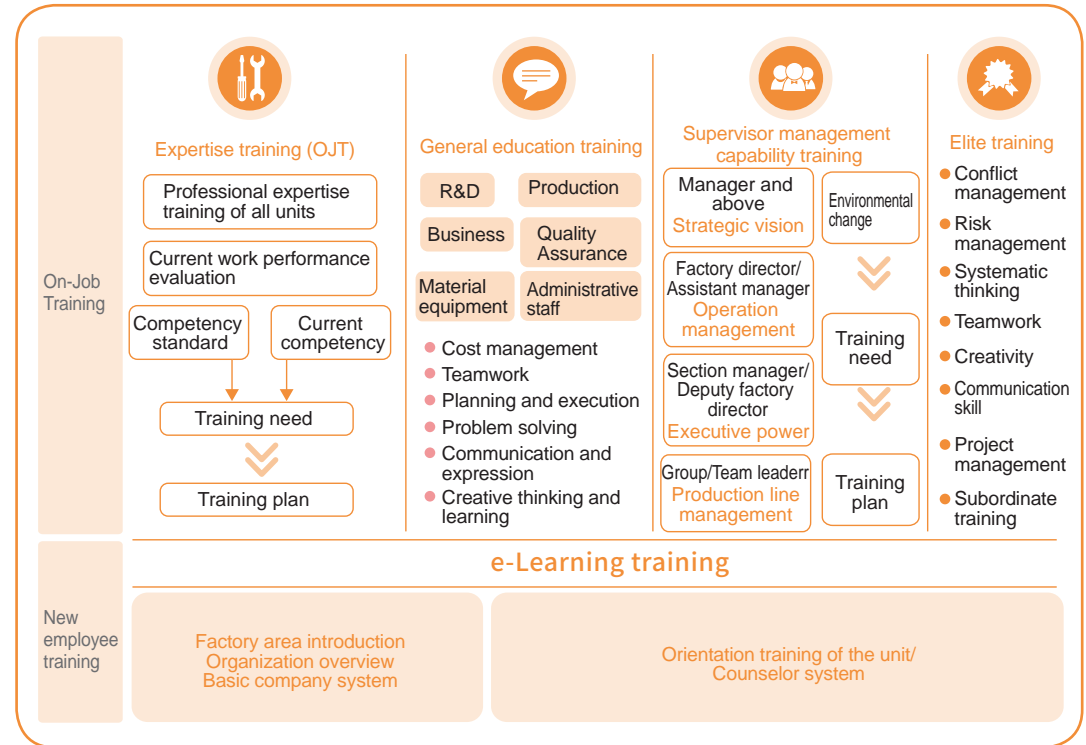
## A lifetime partner: Retirement benefit

Johnson stipulated employee retirement regulations based on the Labor Standards Act and the Labor Pension Act. The regulations are applicable to all full-time employees. 6% of the employee salary is appropriated per month as pension and deposited in the pension fund account managed by the Supervisory Committee of Labor Retirement Reserve. Five employees retired in 2022, one of them is eligible for the new regulations and the rest of them are eligible for the old regulations. We cherish employee's contributions. It's not just a job, but a bond. Therefore, we want to give retired employees gift boxes during festivals to care for them and invite them to the year-end party every year for them to feel the warmth and care from this big family. We promise all employees that even if they work here a day, they are always one of us, and they are still a part of this big family. We continue to show and take care of their life. This is because Johnson's corporate culture shows that we care about family values.

# 2.2 Talent development

## 2.2.1 Talent cultivation

Johnson cares about the full-fledged development of each Johnson employee. We organize a comprehensive cultivation plan and career development system, and formulate the talent cultivation blueprint based on the company's operating development. We explore personal traits through diverse learning channels, integrate the development goal of the organization, and help employees realize the vision of career development. Our training includes new employee training and on-the-job training. We have an exclusive personal learning development plan for each employee, and offer everyone comprehensive chances for professional development to help employees build the strength and impetus needed for the long-term development of the company.



### Career development blueprint

An employee starts a new growth journey when they become one of us. Johnson offers all-round support and care to employees regarding professional competence cultivation, primarily including:

- New employee training helps employees blend in quickly.
- Professional competence training enhances employee competitiveness.
- General education competence cultivation builds all-round problem-solving skills.
- Executive competence cultivation builds leadership to facilitate company management.
- Elite training enhances management competence to fulfill the responsibility for commanding and supervision.

With an abundant training plan, we enhance employee development and potential, and create all-round employees.



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## I. New employee training plan

To help new employees enter the workplace, we built an all-round new employee training plan organized by the human resource team. It has 200 hours of online courses covering basic operating procedure and important sustainability issues, e.g. occupational health and safety, company system management, leaves and benefits. In addition to general courses, each department designs education training associated with the department for new employees and helps them become familiar with the workplace faster. Johnson focuses on employee feedback, and encourages employees to upload the new employee education training feedback report after completing the course for us to examine the outcome of this training plan. To offer chances for friendly interaction, Johnson holds the new employee seminar every month, in order to communicate with employees effectively on new employee education training or other career development issues. The counselor system is provided to appoint senior employees as counselors for on-boarding. They navigate new employees through problems to help them blend in quickly.

## II. On-Job training plan



### OJT (On-Job Training)

Executives or other superiors provide cultivation and training onsite. Departments define training requirements and formulate plans based on the competence standard of the job and current condition of employee. The training focuses on professional competence cultivation of the department, and achieves the performance evaluation and career development goal at the same time.



### General education competence cultivation

This is initiated from six core competencies, planning and execution, teamwork, cost management, problem-solving, communication and expression, and innovative thinking and learning. Courses are provided to meet position requirements and divided based on the nature of work, including R&D, production, sales, quality assurance, materials and administrative staff. They strive to build the overall core competitiveness of Johnson's team.



### Executive management competence cultivation

This emphasizes the decision-making ability of the management, and actively trains executives to identify training needs during environmental change and further draw up a training plan. Online courses for diverse management competence are available, including communication and negotiation, skills for resolving conflicts, employees with problems, and employee problem-solving. Each management must develop different management competencies based on job content.



### Elite training

Johnson draws up the elite training plan for mid-level and senior executives and non-management staff to assist in long-term career development of employees. It helps them understand human resource regulations and cases, and enhance management competence to the level that they can fulfill the responsibility for commanding and supervision. The course includes the latest analysis of labor regulations, termination of employment contract and working hour description, unlawful workplace infringement verification, dispute and accountability, and handling of incompetent employees.



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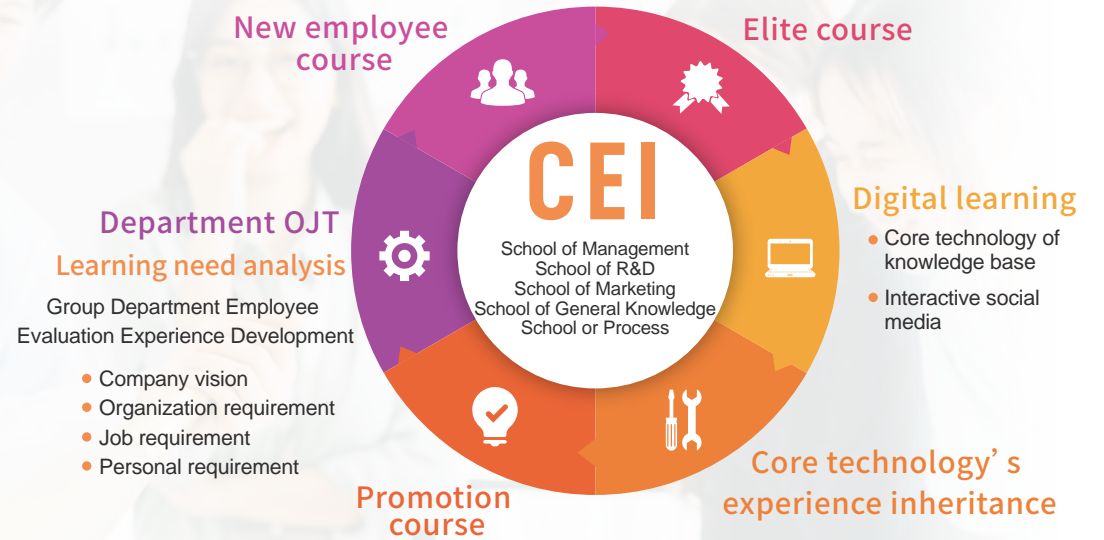
## Individual learning development plan

Individual learning plan uses Individual Development Plan (IDP) to guarantee that Johnson's employees can have the chances for development that will put them in the right place. This plan analyzes and evaluates learning needs from the perspectives of the group, department and employee, and focuses on the position content, personality trait, career planning, company vision development. In this plan, we evaluate the experience and future development to organize a steady team that continues to advance.

The Jonson e-academy crosses domains such as operating management, R&D design and innovation, marketing management, product manufacturing, life application, warehouse management and product development. It endeavors to increase the overall labor value of the company extensively. In addition to the Jonson e-academy, human resource and department planning courses are available for employees to learn through diverse channels. Courses are divided into six types, the new employee course, elite course, department OJT, digital learning, promotion course, core technology and experience inheritance.

## Off-JT (Off-Job Training)

We hire external experts or instructors when appropriate to train employees. Or, we appoint employees to attend the courses, seminars and corporate lectures held by external professional institutions and competent authorities. Johnson encourages employees toward self-improvement and learning, and actively provides an allowance for external education training. Relevant subsidy regulations and external course training lists are available on the company's internal website for all employees. Courses include core competence items based on departments. Relevant departments assign employees to sign up. Other employees may also sign up and receive a subsidy after completion. In 2022, the allowance for external training is NT\$114,720. The course primarily focuses on occupational safety and health, machinery and device operation, software and system application, international trends, and bill study.



## Statistics for employee education training outcome

In 2022, the total number of training hours for Johnson employees is 16,205 hours. There are 17,444 participants in total. The average number of training hours per employee is 1.08 hours.

	Item	Total number of training hours	Total number of participants
Type	Internal training	15,658	17,365
	External training	547	79
Total		16,205	17,444



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## 2.2.2 Expatriate management

Johnson has over 30 marketing subsidiaries and up to 300 retail channels around the globe. We have plenty of expatriate opportunities to put the right person in the right place, and facilitate employee interaction in the group. Through a complete expatriate management system, we help employees gain international perspectives and make breakthroughs. The human resource unit announces function position immediately on the company intranet based on the group's labor needs in all regions, including expatriate location, number of employees and expertise requirements. Employees interested in expatriating may propose a rotation plan to apply for review. We will provide the job content and relevant training plan, and negotiate the benefit system with employees regarding the expatriate location. There were 7 new expatriates in 2022. There were 45 expatriates in total by the end of the year.

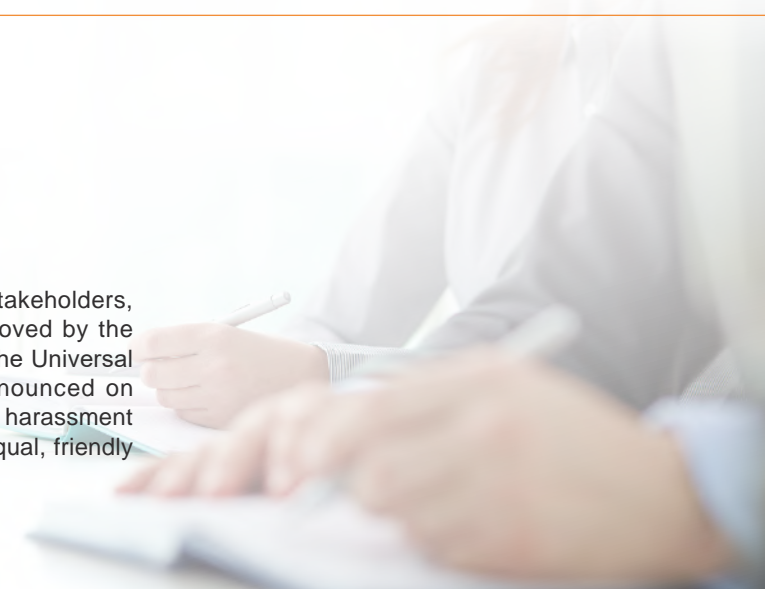
### Expatriate benefit

Each Johnson employee working all over the world is our valuable family. We offer the number of leaves that are better than the regulations, and transportation and flight allowance, and adjust the salary based on the price level. In the meantime, we offer comprehensive insurances, including life insurance, accident insurance and accident medical insurance. For employees to take care of the family during expatriation, employees can bring family members. We grant a subsidy for two children and the amount is 50% of the total tuition fee of the local school (up to US\$1,200 per person per year). We arrange health check-up when expatriates go back to Taiwan on leave.

# 2.3 Human rights

## 2.3.1 Human rights policy and management

To fulfill development of corporate sustainable operation, and protect basic human rights of stakeholders, Johnson stipulates the human rights policy applicable to the entire group. The policy is approved by the Group CEO of the head office of the group and complies with the human rights requirements in the Universal Declaration of Human Rights. This human rights policy is in Chinese and English and announced on Johnson's internal website. Human rights issues have been promoted since orientation. Sexual harassment prevention and relevant complaint systems have been formulated. They endeavor to create an equal, friendly workplace from the internal environment.





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## Human rights declaration

- 1 **Equality:** Equal employment opportunities shall be provided to all employees and jobseekers. They must not be discriminated by ethnicity, skin color, blood lineage, nationality, gender, sexual orientation, marital status, religion, age, physical or mental disabilities, gender identity or genetic test result. Equal employment opportunity is applicable to all employment conditions, including recruitment, appointment, promotion, employment termination, layoff, rehiring, staffing change, leave, salary benefit and training.
- 2 **Freedom:** Employees have the freedom to form associations, including setting up, joining or not joining an organization, and will not be interfered with, discriminated against or harassed.
- 3 **Safety:** We guarantee a safe workplace that meets professional ethics regulations. They specify that all offices must draw up management plans that meet regulations and occupational safety standards.
- 4 **Anti-discrimination:** Any form of harassment or discrimination for the issues above shall be prohibited explicitly. Unwarranted intervention in the work performed by the employee at work is intolerable. Any form of revenge to anyone raising concern about equal work policy is not allowed.
- 5 **Anti-slavery:** Fully prevent slavery and human trafficking. This policy is applicable to all employees or personnel offering the service. It is prohibited to use force, fraud or coercion, or slavery, or coerce others for involuntary peonage.
- 6 **Prohibit human trafficking:** The fund, facility, property or any resource of the company may not be used to conduct or support human trafficking in any situation. Employees violating the rules are subject to adequate disciplinary action, such as dismissal or criminal procedure. We must also fully cooperate with local government departments.

## Statistics for employee human rights training

Johnson provides a series of courses on human rights issues when employees are on-boarding. They cover diverse contents such as human resource policy, employment and staffing, salary and benefit, labor relation, occupational safety, anti-human trafficking policy corrective and preventive measures. New employees are required to complete the courses in three months. In 2022, 100% of the new employees completed the courses, revealing that the internal party highly values human rights consensus.







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## Sexual harassment prevention

We tolerate no sexual harassment. To eradicate harassment and create a healthy, friendly workplace, the “No sexual harassment at the workplace written statement,” explicitly declares the determination to not tolerate any sexual harassment. All employees are required to follow the statement. Sexual Harassment Complaint Handling Committee is available in Johnson for handling complaints. We promise and guarantee that we are duty bound to protect the reporter’s privacy, hence our supreme principle is not disclosing complaint handling. Employees may fill out the sexual harassment appeal, which will be investigated once submitted and handled. We will decide whether to accept it in three days after receiving it. After confirming that we will accept the report, a task force will be formed within three days after being confirmed for acceptance. An investigation report will be made as the basis for review by the Committee. There are five members of the Sexual Harassment Complaint Handling Committee. It is specified that at least half of the members must be female to ensure diversity. Meanwhile, we care about professional judgment and advice. To meet the corresponding needs, we invite experts such as doctors and lawyers to join the Committee. At least half of the members must be present to hold the meeting. More than half of the attendants must agree to reach a resolution. The report is handled rigorously to actively maintain the employee rights.

## Employee communication and satisfaction 402-1

Johnson cares about family values and hopes that everyone feels a sense of belonging at work, so it cares about everyone’s opinion. Labor representatives hold regular meetings and occasional seminars. We provide an employee suggestion box and satisfaction survey. We put ourselves in the employee’s shoes, understand the working condition and thought of the employee, observe them from details, further improve operation of the overall team, and accelerate advancement and development of Johnson. To fulfill commitment for employee’s right to work, we must change the working opportunity of employees when the organization performs extension, relocation or adjustment regarding the cutting down and merging of units. We must also change the working opportunity of employee due to company operation or business nature. Johnson announces employee change in the period specified in the “Labor Standards Act” to guarantee employee rights.

### Labor–management meeting

Johnson holds the labor–management meeting every quarter. The employer representative is a designated position. The labor representative is elected. There are five labor and employer representatives each. At the labor–management meeting in 2022, internal regulations are adjusted based on the updated government regulations, including the “Act of Gender Equality in Employment” and the “Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens”. Meanwhile, disease prevention isolation leaves, disease prevention unpaid family care leave and vaccination leave have been added. As of today, no labor dispute occurred at Johnson. We believe that it is because our labor–management communication is effective, and we guarantee that we will continue to listen to employee’s opinions and optimize and improve the labor–management relationship.

### New employee seminar, employee satisfaction survey and employee suggestion box

Johnson welcomes all employees’ opinions. A suggestion box, and physical and online satisfaction survey are available. We understand what employees think about the company system, regulations, training, interpersonal relationship and environmental adaptation through these measures. We contact and plan for improvement suggestions with relevant units according to employee feedback and requests. A regular new employee seminar is held for us to understand the employee’s opinion, and provide assistance for education training and life and work adaptation of new employee. We believe that creating a friendly, transparent workplace, and enhancing collaboration between employees can continue to motivate positive growth for Johnson by a positive cycle of communication and improvement.

## 2.4 Occupational safety and health

### 2.4.1 Occupational safety and health management

#### Occupational safety and health policy

On the path of creating professional fitness equipment, Johnson values employees and suppliers as important partners in its sustainable operation. Accordingly, during R&D, manufacturing, testing and sales of product, we require that products meet basic safety and health regulatory requirements, and further establish a commitment to occupational safety and health. We set out to continue to improve hygiene and make an all-out effort to prevent unsafe behavior, environment and equipment.



#### Occupational safety and health commitment:

- The primary liability and obligation for company executives of all levels is to guarantee employee safety and health.
- Injuries, unhealthy conditions, diseases and accidents related to work are prevented to protect the safety and health of all employees, and suppliers, contractors and visitors who enter the company.
- Comply with national safety and health regulations and other requirements, and extend relevant standard operating procedures and methods.
- Continue to improve safety and health management system and safety and health performance.
- Convey this policy and communicate safety and health issues to stakeholders.
- Continue to provide education training to employees, suppliers and contractors to ensure that they are aware of safety and health and correct behavior.
- Make sure that employees have the time and resources needed to take part in all the processes and activities of the safety and health management system.

#### Occupational safety and health operation and management

To facilitate the safety and health of work, Johnson improves the workplace and facilities and enhances safety and health awareness to achieve the goal of zero disasters. Johnson has set up the “Safety and Health Management Plan” and HSE management goal based on the “Occupational Safety and Health Act.” This plan and management goal are applicable to all employees of Johnson, suppliers, and contractors and other visitors entering the factory.

#### Establishment of safety and health goal, hazard identification and risk evaluation

To improve safety and health, all departments evaluate the levels to be prioritized for improvement by significance, safety and health risk, regulation, attention from external parties, control degree, technology, and investment amount, according to the HSE policy, regulatory requirements, safety and health risk of the department itself, and the “Hazard Identification and Risk Evaluation Procedure”. Goals are formulated in writing and quantitative performance is set based on the goals. They are submitted to the CEO’s Office. Performance indicators of all departments will be summarized by the CEO’s Office and reviewed by the management representative.

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## Execution and monitoring of the safety and health goals

The “Labor Safety and Health Committee” and “HSE (Health, Safety and Environment) Management Review Meeting” are available at Johnson to ensure execution and monitoring of the safety and health goals. The Labor Safety and Health Committee is held every quarter and consists of labor and management. It formulates the “Safety and Health Goal and Management Program Summary Table” based on the quantitative performance proposed by all departments. The goals and programs will be executed by all departments. Examine progress and outcome of all goals. The CEO’s Office occasionally performs spot check on the environmental goal progress of all departments. If there’s any abnormality or the goal cannot be performed, the competent authority is required to bring up corrective and preventive measures.

HSE Management Review Committee is held at least once a year, primarily discussing environmental management measures, goal progress and stakeholder expectation, to further discuss on follow-up execution and improvement. If it is discovered that the environmental goal has not been achieved, corrective and preventive measures must be implemented based on the HSE program management operating procedure. The topics discussed in 2022 cover pandemic prevention policy, labor working hour review, instrument operation safety promotion, and factory environment maintenance. Health safety policies are tracked and promoted based on the result of employee health check-up.

## Occupational safety and health training

The occupational safety and health training in 2022 is divided into three categories. The general occupational safety training for three hours is required for new employees. The primary content is to promote the basic occupational safety and health of the company. Occupational safety and health training of professional personnel is also provided. This year, nine forklift operation education training courses, and fire safety and first aid training courses were held for warehousing and logistics positions. Besides basic fire drill, first-aid courses are also included in the training. The total number of training hours is 4,263.5 man-hours.

Training/Promotion type	Name	Number of sessions	Number of training hours	Total number of participants
General occupational safety training	General personnel safety and health education training	3	0.5	127
	Occupational safety and health promotion meeting	1	3	604
Warehousing and logistics occupational safety training	Forklift operation education training	9	3	34
Fire and first-aid training	Fire safety and prevention management education training	2	2	160
	AED and CPR education training	1	1	63
	First-aid personnel safety and health education training	2	2	160

## Emergency response plan

Johnson draws up the “Emergency Response Plan” based on possible accidents and emergencies during the manufacturing process, activity and service according to the evaluation outcome of significant consideration aspects in the outcome of environmental health evaluation. The Plan is submitted to the General Manager of Taiwan factory for approval. The “Emergency Response Plan” classifies the scale, nature and hazard severity for different emergencies, and explicitly formulates the reporting and contact procedures. The emergency response teams are organized by the department, including reporting team, fire extinguishing team, safety protection team, rescue team, security guard team, command team, and evacuation guidance team. Relevant personnel can be contacted for support according to the reporting process specified in the Plan when an emergency occurs. The “Accident scene command post” can be established at the accident scene as the response and negotiation center. The basic functions of the accident scene command post are evaluating severity, identifying priority and properly allocating resources. The accident scene command post is responsible for conveying information effectively and ensuring a smooth contact channel for people in need to ask for help. The following accidents and emergencies are identified based on the “Environmental Consideration Aspect Entry Table” of all units. The primary types of accidents and emergencies are fire caused by flammable material, natural disaster, terrorist incident, gas leakage, and human body accidentally coming into contact with organic solvent.





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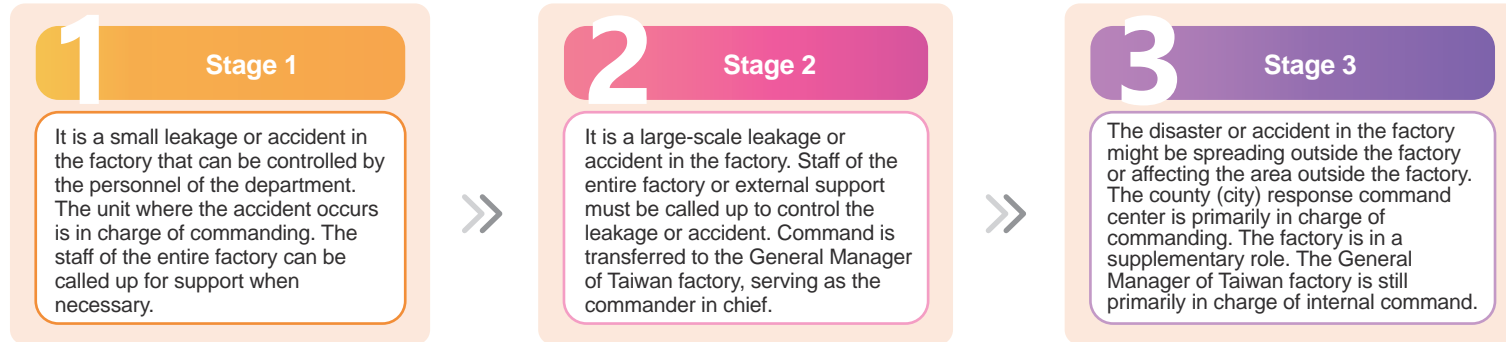


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Emergency response is divided into three stages based on severity and impact scale:



### Emergency response test and drill

In the emergency response plan, Johnson specified that the drill plan shall be arranged twice a year. The General Manager of Taiwan factory serves as the commander in chief. The plan tests response measures to make sure that they will work when an emergency occurs. A full test shall be performed for protective and first-aid equipment at least once a year. Qualified overhaul institutions shall be entrusted to perform regular check, and a report shall be brought up for internal confirmation within the company. All employees of Johnson must be familiar with the condition, quantity and location of the emergency protection equipment to maintain overall safety. Meanwhile, the Administration Department shall provide education training to personnel associated with the emergency response plan to become familiar with necessary skills for handling emergency. For instance, these personnel must know the location of the rescue facility and the way to use it, become familiar with commanding emergency response and utilizing external support.

### Contractor management

To ensure operating safety and guarantee manufacturing quality, Johnson sets up a comprehensive contractor management system, including contract management, factory access control and performance appraisal. The system is used to identify contractors meeting Johnson's health and safety standard and guarantee the safety of all workers.



Contracting evaluation



Factory access control



Performance appraisal

- **Contractor appraisal:** Examine contractor safety and health management system, the number of work safety accidents in total, work safety training, construction plan and emergency response plan.
- **Contracting contract and safety meeting:** It declares the dangerous area forbidding access and Johnson's safety and health management regulations that must be complied with.

- **Special operation permit:** It is required for more dangerous operating procedures, e.g. hot work, work at heights, confined space work and crane hoisting.
- **Safety and health education training:** Johnson's Industrial Safety Office arranges relevant safety education training for workers entering the operating area.
- **Construction checklist:** Examine the daily progress of contractor and conduct environmental control at the same time, to prevent improper treatment of dust, wastewater and waste.

- **Contractor safety and health performance appraisal table:** It is used as the reference for follow-up contractor contracting.



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## 2.4.2 Occupational injury and disease

### Occupational disaster reporting process

Johnson complies with Article 37 of the Occupational Safety and Health Act. Johnson takes necessary first aid and rescue measures immediately when an occupational disaster occurs at the workplace. We meet with labor representatives for investigation, analysis and record creation. When a severe occupational disaster occurs, the labor inspection institution is notified in eight hours. According to Article 18 of the Occupational Safety and Health Act, when a Johnson employee finds there is immediate danger when performing duties, he may terminate the operation, evacuate to a safe place, and report to the line manager immediately without putting other workers in danger. Johnson is responsible for preventing employees from being affected by improper consequences later on.

### Occupational injury management

Johnson draws up a management and prevention plan according to the "Occupational Safety and Health Act" and further identifies occupational safety and health hazards and risks of the company. The outcome is evaluated based on this occupational safety and health risk to provide a safe workplace for employees. Primary occupational injuries at Johnson are cutting, slashing, scraping, falling down and slipping. Preventive measures for these injuries are highly promoted in the factory. The line manager is notified for work injury. The injured worker will be sent to the factory nurse for first-aid treatment. Corresponding work injury leave and consolation money are provided, depending on severity.

Common occupational diseases of the Company are musculoskeletal disorder triggered by repetitive work, respiratory disease caused by dust, and hearing overload caused by noise. We prevent these diseases properly to avoid harming employee health. Johnson has organized the ergonomic hazard prevention plan for musculoskeletal disorder. Specific operators are required to fill out the musculoskeletal disorder symptom survey and work ability assessment form to sort high risk groups, follow-up on high risk employees, provide health education when appropriate, and interview them when necessary. The respiratory protection and plan and hearing protection plan have been formulated for the respiratory disease caused by dust, and hearing overload caused by noise. Special operation health check-up is provided to employees of the operation area every year based on the monitoring result of operational environment (noise, dust, manganese, nickel). Relevant training and promotion are implemented, and the completion rate for both of them is 100%.

### Statistics for occupational injury in 2022

All employees	Male	Female	Total
Total number of working hours	1,401,840	559,152	1,960,992
Number of occupational injuries that can be recorded	3	0	3
Number of severe occupational injuries (number of deaths excluded)	1	0	1
Total number of occupational injuries	3	0	3
Percentage of occupational injuries that can be recorded	1.529	0	1.529
Percentage of severe occupational injuries (number of deaths excluded)	0.5099	0	0.5099
Injury type	Cutting, slashing, scraping and falling down		

Note 1: Percentage of occupational injury = (Number of injured × 1,000,000) ÷ Total number of working hours  
Commuting accidents of employee are not included.

Note 2: Percentage of severe occupational injuries (number of deaths excluded) = (Number of severe occupational injuries) (number of deaths excluded) × 1,000,000 ÷ Total number of working hours

Note 3: Percentage of deaths caused by occupational injury = (Number of deaths caused by occupational injury × 1,000,000) ÷ Total number of working hours

Note 4: Definition of severe occupational injuries: It takes at least six months to restore body function after injury.

Note 5: No occupational disease, death caused by occupational injury, or near miss occurred to an employee or contractor this year. No occupational injury occurred to the contractor either.



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## Four protection plans

The four protection plans specified in the “Occupational Safety and Health Act” in Taiwan include maternal health protection plan, ergonomic hazard prevention plan, disease prevention plan triggered by abnormal workload, and prevention plan for unlawful infringement when performing duties. Based on these plans, Johnson draws up the activity goal and execution of all plans, identifies health risk, evaluates hazard, and evaluates execution outcome.



Plan name	Goal	Content	Outcome assessment
<p>Maternal protection plan</p>	Based on regulations on maternal labor health protection in Article 31 of the Occupational Safety and Health Act, the business institution shall properly organize and take necessary safety and health measures for maternal health protection issues, to guarantee physical and mental health of female workers who are pregnant, have given birth or are breastfeeding, in order to ensure labor protection of maternal health.	<ul style="list-style-type: none"> <li>● Hazard identification evaluation</li> <li>● Evaluation for subject of protection</li> <li>● Interview and health guidance by physicians</li> <li>● Suitable work arrangement</li> </ul>	<ul style="list-style-type: none"> <li>● In 2022, 9 employees were pregnant and 4 breastfeeding employees returned to work. The regular prenatal check-up rate is 100%.</li> <li>● In 2022, 9 employees received interview and health guidance. The achievement rate is 100%.</li> <li>● No one needed suitable work arrangements.</li> </ul>
<p>Ergonomic hazard plan</p>	Regulations on ergonomic hazard prevention are implemented according to Subparagraph 1 of Paragraph 2 of Article 6 of the Occupational Safety and Health Act, employers shall plan for and take necessary measures properly to prevent musculoskeletal disorder triggered by repetitive work, to prevent ergonomic hazard, and avoid repetitive musculoskeletal injury or disorder.	<ul style="list-style-type: none"> <li>● Amend the ergonomic hazard prevention plan.</li> <li>● Fill out the musculoskeletal disorder survey.</li> <li>● Analyze the musculoskeletal disorder survey and sort high risk groups.</li> </ul>	<ul style="list-style-type: none"> <li>● 899 musculoskeletal disorder surveys were filled out.</li> <li>● The musculoskeletal disorder survey shows that 70% of the respondents have no problem with musculoskeletal soreness. The pain score for 13% of them is 1 to 2 points. The pain score for 7% of them is 3 points and above.</li> </ul>
<p>Abnormal workload prevention plan</p>	The abnormal overload plan is executed according to Subparagraph 2 of Paragraph 2 of Article 6 of the Occupational Safety and Health Act. The health risk identification and hazard evaluation are executed. Health education and health management tracking are provided for employees with mid and high-risk.	<ul style="list-style-type: none"> <li>● Amend the abnormal workload prevention plan.</li> <li>● Evaluation on work ability evaluation form survey and evaluation on ten-year cardiovascular disease risk are performed to sort high risk employees.</li> <li>● Interview high risk employees and offer resources when appropriate.</li> <li>● Provide relevant health education for mid-risk employees and interview them when necessary.</li> </ul>	<ul style="list-style-type: none"> <li>● 725 employees filled out the evaluation on work ability evaluation form survey and evaluation survey on ten-year cardiovascular disease risk. The overload risk evaluation result shows that there are 93% low risk employees, 7% mid-risk employees and 0% high-risk employees.</li> <li>● 51 employees have been interviewed. Relevant health education has been provided to 15 of them, and the achievement rate is 82%.</li> </ul>
<p>Unlawful infringement when performing duties.</p>	The unlawful infringement prevention plan is executed according to Subparagraph 3 of Paragraph 2 of Article 6 of the Occupational Safety and Health Act, to create a safe, respectful, zero-discrimination, mutually respectful and tolerant workplace culture with equal opportunities.	<ul style="list-style-type: none"> <li>● Sign the written statement for prohibiting workplace violence.</li> <li>● Workplace hazard identification and risk evaluation.</li> <li>● Set up the SOP for unlawful infringement when performing duties.</li> <li>● Education training</li> </ul>	<ul style="list-style-type: none"> <li>● All employees signed the written statement for prohibiting workplace violence.</li> <li>● Identify hazards and evaluate risks for the building of Head Office.</li> <li>● Set up the SOP for unlawful infringement when performing duties.</li> <li>● Hold unlawful infringement seminars for executives of all departments.</li> </ul>



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## Occupational health service and health promotion

### Employee meal

Johnson promises to care about health. Starting from helping employees maintain nutritional balance, Johnson provides employee meals with abundant options. A free superior gym has been built with the industrial advantage of Johnson for employees to stay physically fit.



### Health check-up and medical care

The health check-up is held for full-time employees once a year. Exclusive health check-up items are designed for different function levels and ages. Mid-level managers and senior executives 35 years old and above and working here at least a year are granted a health check-up worth NT\$21,000 every two years. The employee cancer screening is conducted for employees every two years. Three hours of onsite labor health medical service is provided every month. We work with physicians of the Division of Occupational Medicine of Taichung Veterans General Hospital, and provide professional medical counseling at the Head Office of Johnson. Medical referral is provided when necessary. In 2022, 88 employees received medical counseling and 27 of them were referred. Special factory nurses are available during regular work to provide health counseling and health education promotion to employees. The factory doctor is also available for evaluating whether factory employees are suitable for working the factory through the physical condition survey. Besides this, we have a shift system and install labor saving equipment at the factory to ease the physical load of employees.

### Vaccination and health education promotion

In 2022, influenza vaccination at the employee's expense and paid by the government are provided. Physicians from external medical institutions give vaccination shots to employees at the factory. Employees can save time and efforts for vaccination. We make an all-out effort to guarantee employee health while COVID-19 is raging around Taiwan. A clinic works with us and clinic doctors give BNT and Moderna shots at the factory. We promote relevant knowledge through email and help employees learn more health protection knowledge to provide full care to health of Johnson's employees.



### Whole grain challenge

Johnson encourages employees to join the "Whole grain challenge" organized by Taichung City Government to thoroughly understand the importance of whole grain to health, and raise awareness of diet from employees. In addition, we hope that employees can learn how to intake balanced nutrients through this activity and further facilitate the physical and mental health of employees. We encourage employees to participate in the Challenge. Besides a raffle offered by the government, Johnson will give great gifts to employees.

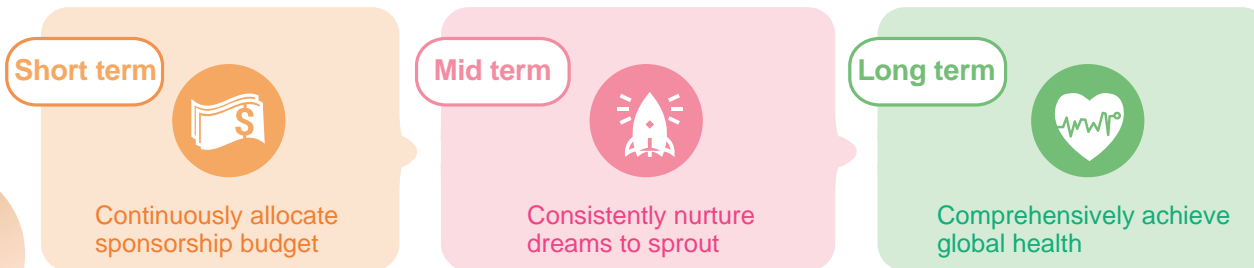
# 2.5 Social health

## 2.5.1 Health influence

Johnson sells health gym equipment to the whole world, thereby elaborating the global brand influence. The short-term plan primarily focuses on continuing to prepare the budget for sponsoring various social participation activities, e.g. sports games, remote area care and local development. In the mid-term plan, it is hoped to expand health influence and continue to help people build dreams for more people to realize and continue their ambitions. In the long-term plan, we hope that the world can achieve all-round health.

Theme of social health strategy	SDGs	Business driving force	Business influence	Social influence
Sports for all		While advocating national physical education development, Johnson gains more chance of exposure and increases the brand value. Every year we continue to sponsor sports games and hold sports promotion events with all sectors.	<ul style="list-style-type: none"> <li>The advertisement for Rakuten Monkeys games worths NT\$<b>13,233</b> thousand.</li> <li>We held four events with Rakuten Monkeys players and Rakuten Girls working as our store manager for a day.</li> <li>We held <b>four</b> livestreaming events with Rakuten Girls. Johnson's fan page grew by <b>750%</b> and number of interactions on our fan page grew by <b>146%</b>.</li> </ul>	<ul style="list-style-type: none"> <li>We sponsored teams to play in <b>120</b> regular season games with an audience of <b>400</b> thousand in total.</li> <li>The number of interactions for livestreaming events with Rakuten Girls is <b>12,556</b> people, growing by <b>227%</b> compared to last year.</li> <li>We sponsored Soochow International Ultra-marathon on <b>one</b> occasion, with <b>340</b> thousand participants in total.</li> </ul>
Social care		Provide remote area education, assist in local cultural development, solve the typical uneven resource distribution problems in Taiwan, properly utilize corporate resources to help the society acquire more resources for the ones in need, and enhance connection between Johnson and the community.	<ul style="list-style-type: none"> <li>Build Siqin Garden. It occupies up to 3,300 m<sup>2</sup>. It has about <b>2,181</b> books.</li> <li>Warm Breeze Caring Association Taitung Binmao Branch School held <b>514</b> sessions.</li> </ul>	<ul style="list-style-type: none"> <li>Books have been checked out <b>501</b> times.</li> <li>There are <b>45</b> students of Warm Breeze Caring Association Taitung Binmao Branch School. There are <b>18,228</b> participants in total.</li> </ul>

### Social engagement goal



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## 2.5.2 Sports for all

Our mission is to become the best corporation for building human health. Besides selling the most superior products around the world, we endeavor to promote local sports industrial development. We have been sponsoring development of Rakuten Monkeys for a long time. Baseball is a national sport in Taiwan. We create a bigger platform for baseball. Besides games having been exposed more, vitality and health of the baseball team and cheerleaders can be expressed at other places.

### Rakuten Monkeys

Johnson takes action to support the development of a local baseball team in Taiwan. In 2022, we invested about NT\$4 million to raise baseball teams, sports equipment, and daily training of athletes. We sponsored 120 games in total and reached about 600 thousand people. There are over 400 thousand fans at the home ground. Johnson has been sponsoring baseball team development since 2006 and encouraging employees to take part in the games. The Welfare Committee offers free tickets for each game. Employees may sign up for the ticket each time after a game is announced. Johnson's logo is placed on the bulletin on the court, jersey armband and big screen. The advertisement is worth NT\$13,232 thousand.

### Rakuten Girls X Johnson

On weekends, long weekends or special holidays, players, sports stars and cheerleaders are invited to work as our store manager for a day at our stores around Taiwan and interact with the public. While promoting Johnson's products, the baseball team will be exposed more to optimize promotion of sports benefits. Besides promoting the baseball team at our store, we held a series of online events by using the social influence of Rakuten Girls. We held livestreaming events on all social media and the fan page of individual members of Rakuten Girls. Four livestreaming events were held in July 2022. We promoted Johnson's highlight products such as @Mirror, @Cycle, gym course and workout movement guidance. We will count down the event on the fan page, and provide raffle during livestreaming, and audience will feel more engaged in the event. Our prizes include tickets to the home court of Rakuten Monkeys, photos signed by members of Rakuten Girls, and Johnson's specially made face masks. The average number of interactions per Facebook post is 258 interactions per post. The average number of interactions is 84 interactions per post. Fan page fans grew by 750% during the campaign. The number of interactions grew by 146% (compared to the last 15 days).

Shin Kong Mitsukoshi  
Taichung Zhonggang  
April 16, 2022



SOGO Hsinchu Big City  
May 17, 2022



Far Eastern SOGO Department  
Store Taipei Zhongxiao Store  
November 10, 2022



Online livestreaming



## 2.5.3 Social care

Mr. Peter Lo, the founder of Johnson, started from scratch and went through hardships. He still cares about his hometown after his success in business. He created a beautiful park for the landscape of his hometown, combining intellectuality and sensibility. Caring about family values is the core of the entire group. We help children and their families in remote areas acquire education and caring resources. We heartily hope that each corner of society can receive warmth and care of the family.

### Warm Breeze Caring Association

Johnson has been sponsoring the Warm Breeze Caring Association for a long time, which strives for remote area care. The mission of Warm Breeze Caring Association is to help families impacted by social change and provide education and growth resources and care. One of the branches of the Association is located in Jinfeng Township in Taitung County. Warm Breeze Caring Association Taitung Binmao Branch School One was founded by the Association. Up to 20 economically disadvantaged children were served and now there are about 40 students.

In the service plan of Warm Breeze Caring Association this year, the theme is still providing education and care for disadvantaged families. A new key of the plan is enhancing the parenting ability of the parents. Warm Breeze Caring Association held the growth group and workshop to help everyone grow together, in order to break the vicious cycle of disadvantaged families in the remote area. The major services this year include schoolwork guidance, talent learning, character education, and community family inclusion. We will hold activities related to these services. The total benefit is to help 49 children and 2 middle school students. 203 schoolwork guidance courses were held and 7,411 people were influenced.

In 2022, Johnson invested NT\$2.98 million in the plan organized by Warm Breeze Caring Association. The items of the plan include the personnel expenditure, primarily used for the salary of the teacher and director of Warm Breeze Caring Association. The office expenditure is used for daily school miscellaneous expenditure such as utilities and stationery. The business expenditure is used for student meal fee and interview and interaction fee. Besides this, Johnson cares about the actual operation of Warm Breeze Caring Association Taitung Binmao Branch very much, regularly checking out the school operation and providing corporate visits. Johnson shows care and gives blessings for these children on special holidays.

Warm Breeze Caring Association Taitung Binmao Branch holds corporate visits every year and takes students to visit Johnson. Meanwhile, it also takes students to visit the National Museum of Natural Science to broaden their horizons. Meals and accommodation are provided for the entire visit. Warm Breeze Caring Association Taitung Binmao Branch leads students to try Johnson's products under safety guidance. These children are mesmerized by @Mirror and they think it is interesting to exercise with the person in @Mirror.

### Impact benefit

Item	Outcome of the activity
Schoolwork guidance	203 sessions. 7,411 participants.
Character education	65 sessions. 2,079 participants.
Talent course	25 sessions. 342 participants.
Meal	199 days. 8,085 participants.
Family support	Six parent-teacher meetings and family activities were held in total. 11 parenting growth courses were held.
Community family inclusion	Five community events. 331 participants.



Johnson's corporate visit



Mooncake gifts from Johnson

Words from the CEO

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Appendix

## Siqin Garden Memorial Hall

Mr. Peter Lo, the Chairman and founder of Johnson, is grateful for the upbringing from his parents and support and care from his predecessors. He built a beautiful park that occupies up to 3,300 m2 next to his old home in Zhongpu Township in Chiayi County. It is used as the library and community center. Lo Kun Chuan wrote down "Yearning", a prose that serves as the theme of the entire park. The true feeling revealed in this prose fills Siqin Garden Memorial Hall with sophistication and art and cultural ambience, impressing every visitor.

The indoor space is used as the library, opening from 5 AM to 5 PM. It is closed two days a week. People may browse and read library collections. The reading registration form is available at the counter, recording the name of the reader and reading time. The temperature of each user is recorded during the pandemic to ensure the safety and health of every reader. In 2022, there are about 2,181 books and about 501 visitors registered (excluding group visitors). We welcome locals and people everywhere to read and enjoy leisure time here to enhance the physical and mental health of people in modern times together.



## 2.5.4 Global happiness

Johnson's products are sold around the world. In the meantime, people can see Johnson's brands contributing to society in every corner of the world. In addition to the sports industry, Johnson integrates with different domains such as education and healthcare to bring health and happiness to people in the world.

### Sports promotion for people with disabilities

China's team under Johnson's brand MATRIX donated KRANKcycle to Shanghai the Disabled Welfare Foundation to support sports development of people with disabilities. The chair of KRANKcycle is removable, hence it can be used by wheelchair users. Independent rotation arms allow diverse movement. The height can be adjusted flexibly based on body size. The primary functions are training the upper body and core muscles. Besides this, the KRANKcycle is the best helper for injured athletes for rehabilitation.

### LOHAS Taiwan Excellence integrates culture, sportsmanship and public welfare promotion.

Johnson sponsored LOHAS TAIWAN EXCELLENCE organized by the Bureau of Foreign Trade, MOEA and Taiwan External Trade Development Council. We displayed Johnson's products that have won awards through diverse contents such as a rope jumping contest, environmental education and LOHAS dining. The theme of the event was rope jumping, which is popular in Malaysia. Ten public welfare and social groups enthusiastically advocated this event. 5,889 people signed up for the contest. Over 60% of them were Malaysians, ranging from 6 to 70 years old. The rope jumping videos have been spread widely on the Internet. This event integrates with the public welfare plan by helping poor children through the love points. A physical connection has been built between Taiwan Excellence and Malaysians, which is very profound.

We provide warm support and collaborate with Fondation de France to take care of hospitalized children and youths.

Johnson works with La Marche des Champions, a well-known walking event. The French team of MATRIX Fitness promotes the MATRIX Bus tour plan and displays the latest products around France. The bus drove 1000 km in 24 days during this walking event. MATRIX bus displays the latest products of the brand during the event and collects gifts and supplies from people everywhere to donate to CéKeDuBonheur Association. The Foundation endeavors to enhance physical and mental health of hospitalized children and youths. It often visits the hospital and holds parties. It aspires to offer another type of mental support for children and youths troubled by sickness and hopes that the hospital can feel like home for them. Gifts and supplies collected by MATRIX bus eventually reached the hospitalized children and youths. This effectively shows that while the gym industry promotes health, it can also support social well-being.



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# 3

## Chapter

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# Trusty

## Reliable ethical governance

### Our commitment

Johnson's business and sales offices are all over the world. To cope with different requirements in the regulations for different countries, we deeply know that we need stable governance approaches to adapt to and comply with these requirements. Based on ethical governance, we comply with national regulations, create a comprehensive governance structure, fully disclose information openly and transparently, and continue to enhance the company's governance approach, to respond to expectations from stakeholders. We are committed to discussing risks and countermeasures closely with all operations management units earnestly and responsibly, to cope with all kinds of impacts, and become a gym technology company reliable for everyone.



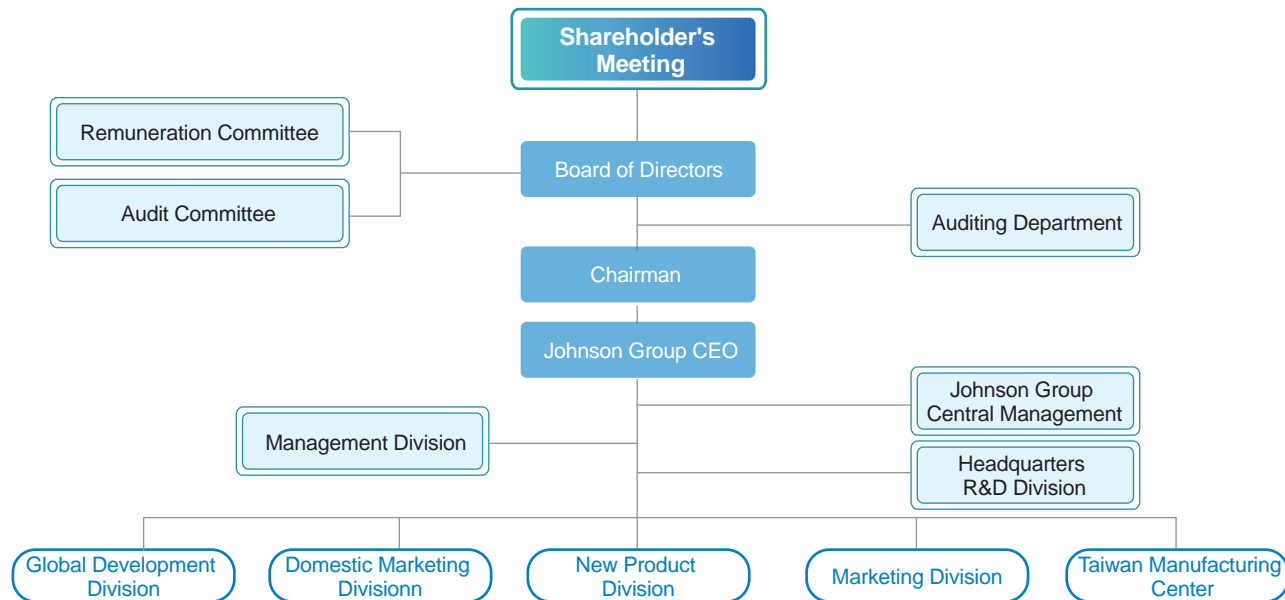
# 3.1 Corporate governance

## 3.1.1 Governance organization structure

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As the top governance unit of Johnson, the Board of Directors is in charge of the management and supervision of company operation. The functional committees, the "Audit Committee" and "Remuneration Committee", are under the Board of Directors. To guarantee shareholder's rights and reinforce the function of directors, a resolution was made at the Board of Directors meeting in 2021 according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies". The resolution stated that the senior financial manager serves as the company governance manager, and we appoint relevant corporate governance personnel. The manager and these personnel are in charge of matters related to the holding of the Board of Directors meeting and shareholders' meeting, preparation of the meeting minutes of the Board of Directors meeting and shareholders' meeting, helping directors with taking office and continuing education, offering information the directors needed for performing business, helping directors comply with regulations, reporting the meeting notice, discussion, and articles amendment.

### Johnson's organization structure



### Corporate governance executive

#### Implementation of advanced studies for corporate governance executive in 2022

The institution for advanced studies	Course name	Number of course hours	Total number of hours for advanced studies of the year
The Institute of Internal Auditors-Chinese-Taiwan	Regulatory analysis and key audit points of the Board of Directors and functional committees (Audit Committee and Remuneration Committee)	6	12
The Institute of Internal Auditors-Chinese-Taiwan	Practical study of and countermeasures for "Insider trading" and "financial statement fraud"	6	

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## Selection of the members of the Board of Directors

We believe in ethical governance. To ensure that directors may exercise rights independently, the Company formulated the “Regulations for Election of the Directors” and “Regulations for Discussion at the Board of Directors”. Open, accumulated ballots are used for director election. Shareholders may decide to exercise voting rights electronically or onsite voting. Independent and non-independent directors are voted on at the same time. The number of elected independent and non-independent directors are counted separately.

It is required that no more than half of the directors elected can be the spouse or second-degree relative of each other. If a director or the entity they represented has stakes in the agenda, they shall explain the important part of the stakes at the current Board of Directors meeting. If there's concern that the company interest might be harmed, the director is not allowed to discuss or vote. In addition, the director shall recuse during discussion and voting, and must not entrust another director to exercise their voting rights.

Johnson actively realizes independency requirements of directors and drew up the “Corporate Governance Best-Practice Principles” in 2021. At least two independent directors have been established based on the “Corporate Governance Best-Practice Principles”. For the functional committees under the Board of Directors, the Audit Committee consists of all the independent directors, and the Remuneration Committee consists of over half independent directors.

## Functional committee

Johnson established the Audit Committee and Remuneration Committee under the Board of Directors based on the authority and function. The “Audit Committee Charter” and “Remuneration Committee Charter” have been stipulated to fulfill supervision of internal control in the company, and review the performance evaluation standard of director and manager. The following explains convening of the “Audit Committee” and “Remuneration Committee” in 2022:

Committee	Function	Member	Title	Attendance	Regulation
 Audit Committee	<ul style="list-style-type: none"> <li>● Help the Board of Directors supervise the quality and integrity of accounting, audit, financial reporting process and financial control of the Company.</li> <li>● Adequate expression of the financial statement of the Company</li> <li>● Election, dismissal, independence and performance of CPA</li> <li>● Appointment and removal of financial, accounting or internal audit executive</li> <li>● Effective implementation of internal control of the Company</li> <li>● Make sure that the Company complies with relevant regulations and rules</li> <li>● Six meetings were held in 2022. (A meeting was held every quarter.)</li> </ul>	YihHorng, Lin	Convener Independent director	100%	Audit Committee Charter  
		Vincent Chen	Independent director	100%	
		ChaoTang, Yue	Independent director	100%	
 Remuneration Committee	<ul style="list-style-type: none"> <li>● Help the Board of Directors execute and assess the remuneration policy, system, standard and structure of the Company, to fulfill corporate governance and strengthen the remuneration system of the director and manager of the Company.</li> <li>● Help the Board of Directors establish and regularly review the performance evaluation of director and manager, and policy, system, standard and structure of the remuneration policy.</li> <li>● Set the remuneration of director and manager, and evaluate it regularly.</li> <li>● Three meetings were held in 2022. (At least two meetings were held every year.)</li> </ul>	YihHorng, Lin	Convener Independent director	100%	Remuneration Committee Charter  
		ChaoTang, Yue	Independent director	100%	
		Shu-Wen, Lin		100%	

## 3.1.2 Operation of the Board of Directors

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Johnson's Board of Directors is established based on the regulations and the articles of association. It is convened once every quarter. It exercises authority based on the resolution of the shareholders' meeting. To adapt to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" stipulated by the competent authority, we set up the "Corporate Governance Best-Practice Principles" in 2021 to establish the corporate governance system. We endeavor to guarantee shareholder's rights, reinforce the function of the Board of Directors, increase information transparency, elaborate the function of the committee, and respect the stakeholder's rights.



Articles of Association



Corporate Governance Best-Practice Principles

### Members of the Board of Directors

Title	Nationality	Name	Gender	Executive/ Non-executive director	Age	Accumulated term of office (years)	Industry experience (Note 1)	Professional background and competence							
								Business judgment	Accounting finance	Operation management	Crisis management	Domain knowledge	International outlook	Leadership decision-making	
Chairman	Taiwan	Peter Lo	Male	Executive	>60	>20	Material, nonessential consumable, finance	✓		✓	✓	✓	✓	✓	✓
Deputy Chairman	Taiwan	Cindy Lo	Female	Executive	>60	>20	Nonessential consumable	✓		✓	✓	✓	✓	✓	✓
Director Group CEO	Taiwan	Jason Lo	Male	Executive	51-60	>20	Nonessential consumable	✓	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan	Ya-Kang, Wang	Male	Non-Executive	>60	11-20	Nonessential consumable, Industry	✓		✓	✓	✓	✓	✓	✓
Director	Taiwan	Spencer Hsieh	Male	Non-Executive	>60	11-20	Nonessential consumable	✓		✓	✓	✓	✓	✓	✓
Director Vice President	Taiwan	May Lo	Female	Executive	30-50	1-10	Nonessential consumable	✓	✓	✓	✓	✓	✓	✓	✓
Director	Taiwan	Teresa Lo	Female	Non-Executive	51-60	1-10	Nonessential consumable	✓		✓	✓	✓	✓	✓	✓
Director	Taiwan	Jung Ren, Fu	Male	Non-Executive	51-60	1-10	Industry	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Taiwan	Chao-Tang, Yue	Male	Non-Executive	>60	1-10	Industry	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Taiwan	Vincent Chen	Male	Non-Executive	51-60	11-20	Industry	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	Taiwan	YihHorng, Lin	Male	Non-Executive	>60	11-20	Healthcare	✓		✓	✓	✓	✓	✓	✓

Note 1: It is classified based on GICS (Global Industry Classification Standard) Level 1.

Note 2: Refer to the [2022 annual report](#) and [2022 financial statement](#) for other information such as the term of office of Johnson's director, other important positions of Johnson's director, concurrent position of Johnson's director, shareholder with control power, and intersect holdings.

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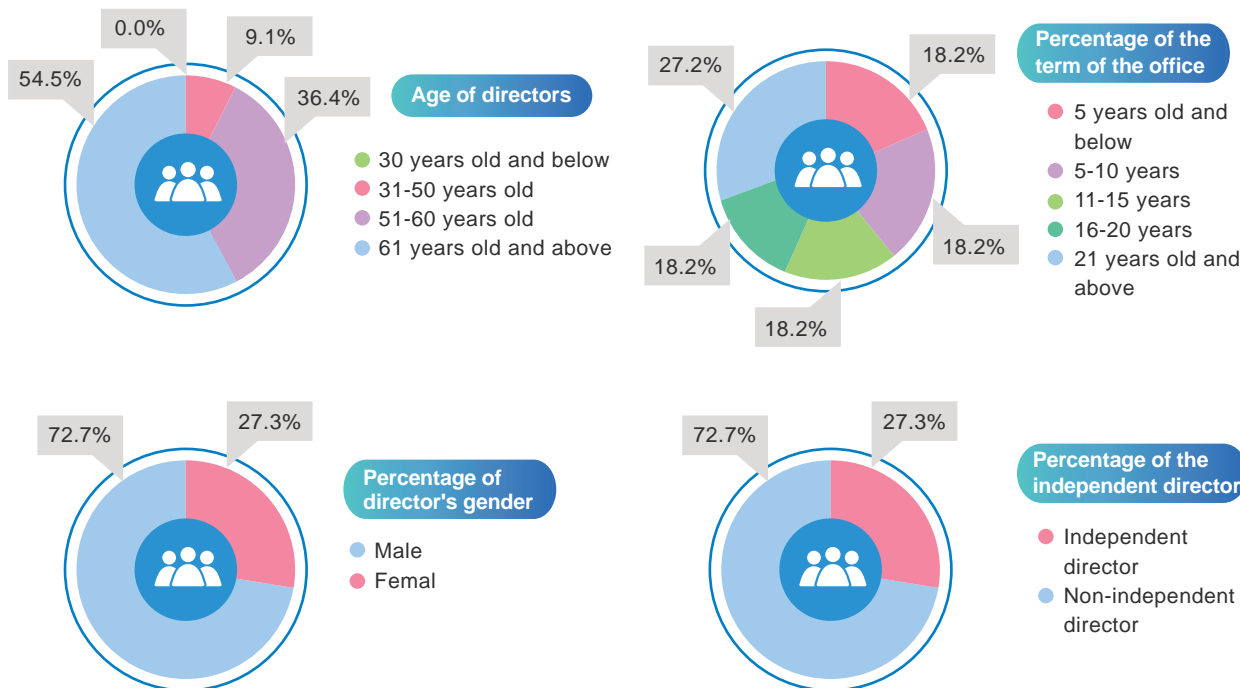
## Independence of director

Johnson cares about director independence. To fulfill the requirements of director independence, over half of Johnson's directors in 2022 must not be the spouse or a relative within the second degree of each other to show independence of the Board of Directors. To ensure that independent directors may exercise the power of independent judgment, and make sure that the independent director can elaborate his function for the Board of Directors and company operation, Johnson set up three independent directors out of eleven directors (27.3%). All independent directors have professional knowledge and do not serve concurrently as directors (including independent directors) of more than five listed and OTC companies. Therefore, directors may maintain independence when performing business.

## Director diversity

Johnson focuses on director diversity and considers diversity for composition of the Board of Directors. An adequate diverse approach has been stipulated for operation, and operating condition and development. The goal of diversity of the members of the Board of Directors is established, including that in 2022, at least 25% of directors are female or independent. The aspects considered include basic criteria and value, and professional knowledge and skill.

The Board of Directors of Johnson has 11 members, serving as directors for 15.04 years on average. In 2022, the attendance of all directors is 98.5%. All 11 of Johnson's directors have professional and abundant knowledge in different domains such as finance, accounting, business management and medical treatment. Three of them are female (27.3%) and three of them are independent directors (27.3%), over half of all directors. With regard to professional knowledge and skill of the director, the percentage of all directors, female directors and independent directors meet the diversity policy and goal.



## Advanced studies of director

Johnson holds fast to ethical management principles. To improve the professional ability of directors, the corporate governance executive notifies directors occasionally and joins in the professional knowledge advanced course held by the relevant unit. In 2022, all directors completed at least 6 hours of advanced courses and 87 hours of advanced courses in total, 7.91 hours per director on average. Courses include sustainable operation, information security, fraud prevention, public relations handling, and authority of functional committee. Expertise and advanced studies of directors are included in the outcome of performance evaluation. Johnson continues to enhance expertise of directors to optimize and elaborate the supervision function of the directors.

## Performance evaluation of director

To enhance the operational efficiency of the Board of Directors, and effectively increase operational performance of the company, Johnson evaluates performance of directors regularly. The Remuneration Committee also reviews the performance evaluation indicators of the Board of Directors regularly. The outcome of the performance evaluation of the Board of Directors is used as the reference for election and nomination of directors. The outcome of individual director performance evaluation is used as the reference for setting the individual remuneration. Director performance evaluation includes the performance evaluation of the overall Board of Directors, individual director member and functional committee, and the highest score of each evaluation item is 5. In 2022, the result of the director performance evaluation shows that the average the of self-evaluation of operating performance of the members of the Board of Directors is 4.82 points. The self-evaluation performance of the members of the Board of Directors is 4.87 points on average. The self-evaluation of operating performance of the Audit Committee is 4.73 points on average. Refer to our [annual report](#) for details.

### I. Self-evaluation for operational performance of the Board of Directors

Evaluate whether the Board of Directors fulfills the responsibility for guidance and supervision of the company strategy, significant business and risk management, and creates an adequate internal control system, to enhance the overall operation and meet corporate governance requirements.

#### Five self-evaluation aspects

Degree of engagement in company operation

Enhance quality of decision-making of the Board of Directors

Composition and structure of the Board of Directors

Election and continuous advanced studies of directors

Internal control

### II. Self-evaluation for performance of the members of Board of Directors

Evaluate whether the director keeps track of the efficiency and effect of operation of all indicators.

#### Six self-evaluation aspects

Keep track of the goal and task of the company

Understanding of the responsibility of the director

Degree of engagement in company operation

Operation and communication of internal relationship

Expertise and continuous advanced studies of director

Internal control

### III. Self-evaluation for operating performance of Audit Committee

Evaluate whether the Audit Committee fulfills the responsibility for guidance and supervision of company strategy, significant business and risk management, and creates adequate internal control system, to enhance the overall operation and meet corporate governance requirements.

#### Five self-evaluation aspects

Degree of engagement in company operation

Understanding of the responsibility of the Audit Committee

Enhance decision-making of Audit Committee

Composition and member election of the Audit Committee

Internal control

## Remuneration of director

According to the "Remuneration Committee Charter", Johnson's Remuneration Committee formulates and regularly reviews the remuneration policy, performance evaluation standard, and annual and long-term performance goal of the director and manager. Considering the outcome of individual performance evaluation, time invested in, responsibility, goal achievement, short- and long-term business goal progress of the company, financial situation of the company, expertise and advanced studies of director (including ESG sustainability cognition), Johnson assesses rationality of connection between personal performance and operating performance and future risk of the company. Based on the result of comprehensive assessment, the remuneration of directors and managers has been set up. In 2022, the median ratio of the total highest individual remuneration of the organization is 12.13 times the total annual remuneration of other employees. The ratio of the increased median of the total highest annual individual remuneration of the organization is 4.33 times the ratio of the increased median of the total highest annual remuneration of other employees. Refer to information of [2022 annual report](#) for the director's remuneration in 2022.

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## 3.2 Ethical management

### 3.2.1 Ethical system 2-16 2-25 2-26 205-1 205-2 205-3 206-1

#### Ethical engagement regulations

Johnson adheres to the corporate culture spirit of “Sincerity, Professional, Ambition”, and implements corporate governance based on ethical management. To enact all ethical regulation policies, and set up a good corporate governance and risk control mechanism, in order to pursue sustainable development, we draw up the “Codes of Ethical Conduct for Directors, Supervisors and Managers” for all directors and managers to comply with. The company’s directors and employees must keep any information they learn when performing duties and such information that has a significant impact on the trading price of futures and securities strictly confidential before open disclosure. Directors or employees must not be engaged in insider trading. Furthermore, Johnson sent information related to public briefing of equity transaction law compliance to all directors and managers on October 24 and November 19, 2022. Occasionally, common patterns specified in the Violation of the Securities Exchange Act are promoted to managers and employees to continue to motivate employees to focus more on ethics.

The “Operating Procedures for Prevention and Management of Insider Trading” is mapped out by Johnson in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies”. The reporting system has been set up. The audit and legal affairs departments accept the reported cases and report execution of handling to the Board of Directors every year. In addition, Johnson aims

to ensure that the Company’s employees have not sought private gain or been engaged in embezzlement, conducted misdemeanors, divulged secrets or made a fraudulent report, and demands employees not accept entertainment invited by the supplier or the property given by the supplier. Therefore, Johnson has set up the “Work Rules” to require all executives and employees of the Company to abide by professional ethics and conform to enterprise ethics and ethical principles. The reward and punishment mechanism for employee reporting unlawful act is specified in the “Work Rules”. A minor merit or higher reward will be honored to the employee reporting the violation. The employee is encouraged to report ethical violations. In 2022, Johnson has reviewed all business locations of the Headquarter. There was no litigation or sanction involved with corruption or bribery, fraud, insider trading, anti-competitive practice, antitrust practice, monopoly conduct, or market manipulation. In conclusion, Johnson judges that there is no major corruption risk in 2022.

#### Ethical education training

All of Johnson’s new employees receive at least six hours of new employee education training, including ethics and morality promotion of Work Rules. In 2022, there are 460 new employees, 28.1% of all employees. In 2022, 2 director members received education training associated with ethical operation, 18.2% of all directors. Moreover, to strengthen promotion of internal prevention of insider trading in the Company, Johnson conducts education training for the audit department every year. The primary execution in 2022 is as follows:

Course type	Course topic	Number of course hours	Number of participants of the course
Internal course	Introduction of insider trading prevention regulations	0.5	2
External course	2022 insider trading prevention briefing	2.75	5



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## Reporting system

Johnson set up a reporting system for violation of ethics. A reporting and appeal channel is available for actual and potential stakeholders. The Audit Department handles the report diligently. After confirming that the report is true, the employee will be warned, subject to minor demerit, major demerit, demoted or dismissed, depending on the severity of violation. Violation includes embezzlement or misappropriation of public funds, illegal possession and disposition of company property, damage to the company or employees due to forgery and misinformation; breach of the company's internal confidential information and customer relationship information; bribery/private gain seeking/collusion; violation of the law and regulation of the company; violation of the company's financial system, affecting accuracy of the company's financial statement; and damage to personal reputation and the company's reputation or interest. The Audit Department and the authority later on examine the cause of the incident, bring up improvement measures, and promote the improve measures to employees to prevent similar incidents.

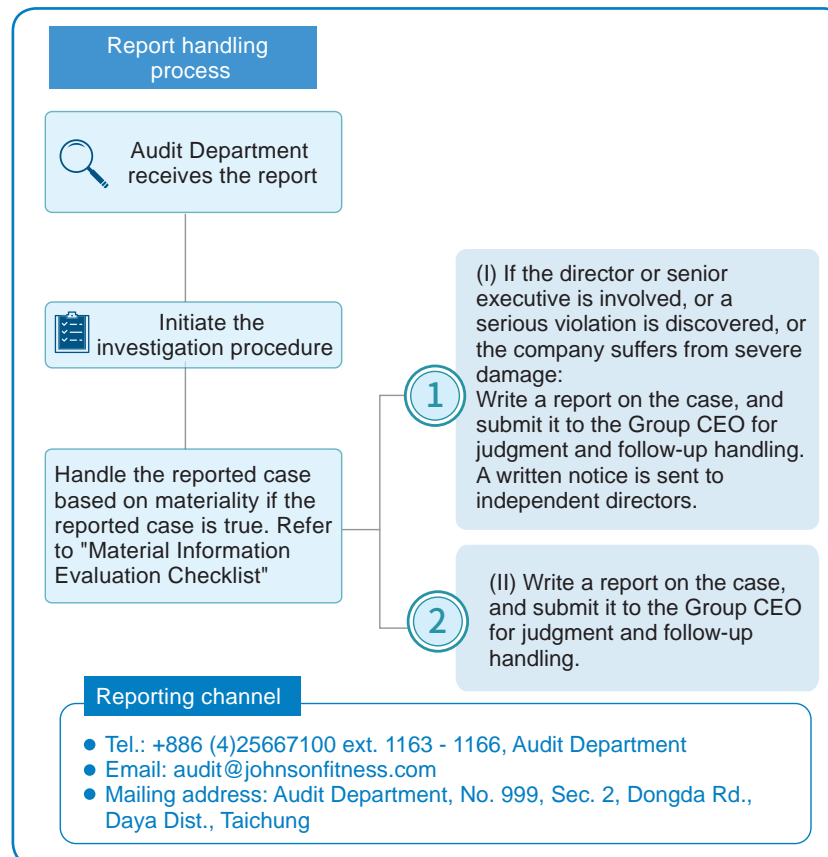


Reporting system



Management procedure for prevention of insider trading

## Reporting method



# 3.3 Compliance

## 3.3.1 Compliance management

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### Authority

Johnson strictly complies with regulatory requirements. The legal affairs department is the authority for receiving regulations, and closely pays attention to all policy and regulation trends that may impose material impact on company business finance. After receiving regulation notice, the legal affairs department filters notices related to different businesses, examines whether there's a risk of violation, and announces regulation precautions to the relevant employee. Moreover, to make sure all units implement regulatory requirements, Johnson set up an internal auditing unit under the Board of Directors specialized in internal audit. Every year an audit plan has been drawn up by the auditing unit to examine how all units comply with regulatory requirements. For mistake and abnormality, handling measures will be implemented and an improvement plan will be formulated. Improvement progress will be examined to ensure that there's no problem with internal control.

### Policy regulations

Johnson draws up and executes government policy and internal company regulations to comply with regulatory requirements. The authority brings up policy formulation requirements when necessary and announces to approve policy formulation depending on the level of authority.



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## Execution method

Johnson holds the “New Employee Guideline” course for all new employees on the on-board day for them to understand the daily rules and relevant regulations of the Company. Based on the government’s regulatory requirements and company policy requirements, Johnson occasionally provides training on general education regulations to make sure that company’s employees understand and comply with regulatory notices.

In 2022 at Johnson, there is no major violation, violation against product and service health or safety regulation, non-compliance with information or labeling regulation of product or service, noncompliance to marketing communication regulation, or complaint with customer privacy invasion confirmed or customer data loss confirmed.

## Material information announcement in 2022

### Event situation

Johnson acquired the subsidiary Fujiiryoki (Fuji Medical Instruments Mfg. Co., Ltd.), hence it claimed the litigation judgment for product infringement patent right damage on behalf of the subsidiary. According to our agreement for acquiring Fuji with Asahi Life & Health Corporation (ALH), when compensation is incurred in a litigation, ALH bears the loss of Johnson. For that reason, the judgment of litigation has no material impact on Johnson.

(Refer to Material Information on the MOPS for details.)

### Handling and response method

The infringement case occurred before we acquired Fuji. We stipulated the “Patent Search and Application Procedure” for the cases judged by the court after we acquired Fuji. The Procedure specified proposal, approval and follow-up control of patent case. We set up the intellectual property case management system to record, track and manage patents to enhance the patent management system and avoid infringement.

# 3.4 Tax policy 207

## 3.4.1 Tax policy 207-1

### Tax governance policy

To carry out tax governance, Johnson appoints the Group CEO, the top manager, as the person in charge of tax management, assessing the tax impact and approving all important decisions of the Company. The CAO is in charge of daily tax execution and management. Experienced personnel assist the CAO with tax tasks. Furthermore, Johnson hires an external unit to offer professional tax counseling to comply with tax policies and regulations of different countries.

There are subsidiaries and dealers of Johnson Group all over the world. To respond to global anti-tax evasion trends and comply with related tax law requirements of the country where all subsidiaries and business locations are located, Johnson assures not to set up a subsidiary or business location in tax havens or low tax countries to avoid tax regulations. Johnson demands all subsidiaries adhere to the tax principles below:

- Conform to tax policies of the area where each business location is located, and pay tax as required by law.
- Do not plan for tax evasion. Do not transfer profits to tax havens or low tax countries.
- Make sure that tax information is transparent. Comply with financial reporting standards and annual report disclosure rules. Maintain an open, adequate relationship with tax authorities.
- Put tax impact into consideration for important company decisions. Consider the best benefit and create shareholder values.
- The OECD publishes internationally recognized pricing principles and trades with affiliates on the premise that we comply with arm’s length transactions.

Tax information: Refer to [2022 annual report](#) for Johnson’s tax information.

## 3.5 Risk management

### 3.5.1 Risk management culture

#### Risk management organization

All departments of Johnson convene discussion meetings regularly. They communicate and discuss with each other intensively regarding international and industrial trends and relevant risks encountered. They carry out internal management for related risks and prepare response strategies.

#### Internal control system

Johnson maps out the internal control system according to the "Regulations Governing Establishment of Internal Control Systems by Public Companies". The system is approved by the Board of Directors. The internal audit unit formulates the audit plan every year to conduct examination.

Refer to Internal Control Statement Announcement of the MOPS for internal control execution in 2022.

#### Internal audit system

Johnson set up the internal audit unit under the Board of Directors specialized in internal audit work. Qualified full-time internal auditors in an adequate quantity are appointed depending on the company size, business situation, management need, and other relevant regulations, including internal audit executive and internal subordinate auditors, three in total.

Internal auditors adhere to the spirit of independence and conduct their tasks thoroughly, objectively, and fairly. Besides reporting the audit operation to all independent directors regularly, the audit executive shall report at the Board of Directors' meeting.

An annual audit plan has been set up for Johnson's internal audit business based on the risk evaluation result. The audit item, time, procedure and method have been specified explicitly. Auditors regularly or occasionally conduct onsite audit. The working paper and relevant information are attached to the audit result and made into an audit report and submitted for approval. The result will be followed up and improved to ensure effective implementation of Johnson's internal control system.

All internal units of Johnson are urged to check the effectiveness of the overall internal control system themselves for the Board of Directors and the Group CEO to assess the overall validity of the internal control system. The evaluation of effectiveness is the primary basis for providing the declaration of internal control system. Declaration of internal control system is approved by the Board of Directors. It is announced and declared on the website specified by the FSC and published in the annual report three months after the end of every fiscal year.

#### Appointment and removal of internal audit executive and internal auditor

The appointment and removal of the internal audit executive at Johnson is agreed by the Audit Committee and submitted to the Board of Directors for resolution. Annual appointment, removal, appraisal and remuneration of the internal audit executive and internal auditor are executed according to the "Employment and Appointment Procedure of the Headquarter of the Group", "Labor Relations Termination Procedure of the Headquarter of the Group", "Appraisal Management Procedure of the Headquarter of the Group", "Salary Management Procedure of the Headquarter of the Group", "Performance Bonus Distribution Procedure of the Headquarter of the Group", and "Year-end Bonus Distribution Procedure of the Headquarter of the Group".

### 3.5.2 Risk management mechanism

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#### Risk identification and management

To respond to international sustainability trends and operation development of the Group, Johnson draws up a management approach for all kinds of risks, including financial management, climate change and information security. All units estimate impact and materiality for Johnson occasionally based on the trend information, and internally discuss these risks and respond to them. They convene all relevant units to deliberate on these risks when necessary.

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## Risk identification result and coping strategy

All types of risks in 2022 at Johnson are shown below:

Sustainability topic category	Environment	Society	Corporate governance		
	Global climate change	Risk of shipment delay	Geopolitical risk	Cybercrime and information security	Risk of inflation and war
 <p>Risk description</p>	<p>Increase of extreme climate events are incurred from aggravated global climate change (e.g. drought, torrential rain), leading to soaring physical climate risk. Furthermore, all countries gradually raise the requirements for corporate carbon reduction, so the policy and regulation risk are enhanced accordingly.</p>	<p>Demand for home gym equipment surges at the beginning of 2022 due to COVID-19. Shipment delays due to electronic material shortage and demand for online shopping shipment rises.</p>	<p>When Ms. Nancy Pelosi visited Taiwan in August 2022, China conducted a military exercise at the Taiwan Strait. Tense U.S.–China relationship may put the Taiwan Strait at the risk of war and impact corporate operation.</p>	<p>Customer demand for home gym equipment soars due to elevated pandemic in 2022. Most customers shop them online; hence, customer information security management becomes particularly important. Besides this, hacker attacks are severe and hacker organizations run wild among nations, inducing escalation of information security risk. Countries are more aware of information security, triggering higher requirement for corporate information security management.</p>	<p>Increase of global raw material price was due to the Russo-Ukrainian War in 2022, giving rise to global inflation.</p>
 <p>Impact on Johnson</p>	<p>If Johnson cannot prepare for climate change in advance and adapt to climate change in time, all kinds of risks such as market, technology, reputation, regulation and physical risk will occur.</p>	<p>Electronic material shortage will cause postponed lead time and higher risk of breach of contract and reputation risk of the company.</p>	<p>Geopolitical conflict may lead to operation interruption of Johnson's Headquarter and factory in Taiwan.</p>	<p>Cyberattack may lead to breach of company confidential information. The company compliance risk is increased to meet the EU GDPR (General Data Protection Regulation).</p>	<p>Climbing global raw-material price may give rise to increase in raw material and transport cost of product. Inflation impacts financial income of the company.</p>
 <p>Countermeasures</p>	<p>Since 2022, Johnson has gathered all units to discuss impact materiality and occurrence of various climate change risks. In the meantime, Johnson sets up response strategies and management goals for various material climate risks, examines progress regularly and conducts rolling adjustment.</p>	<p>Johnson communicates with suppliers beforehand and makes an order in advance for materials with long lead time to build inventory. Johnson pays more for materials and increases transportation capacity when necessary. Communication with important customers for postponement is conducted and delivery is made as soon as possible. Material shortage impact has now been improved by Johnson's response strategy.</p>	<p>Johnson holds the risk management and countermeasures discussion meeting of the Group for possible risk of operation interruption led by geopolitics. Discussion includes increasing inventory in Taiwan and China to ensure that there's no impediment to production in other nations, establishment and backup of information system, preparation for capital turnover, and countermeasures such as conducting privilege management on leadership teams in different countries when necessary.</p>	<p>Every year Johnson conducts and reinforces drill, testing and promotion for cyberattack, expecting all employees to prevent information security risks. To adapt to GDPR rules, Johnson entrusts a third-party agency to carry out DPIA (Data Protection Impact Assessment), appoints the DPO (Data Protection Officer) at the Headquarter in Taiwan, and builds an exclusive SAP hardware backup machine room in Germany. To meet information requirements in different areas, such machine room will be built in other EU regions.</p>	<p>Johnson communicates with all suppliers closely, prepares sufficient inventory beforehand, and responds to risk of material and delivery time in time. We occasionally discuss financial risk internally, prepare countermeasures and conduct regulation and control via derivatives to stabilize impact on company's finance.</p>

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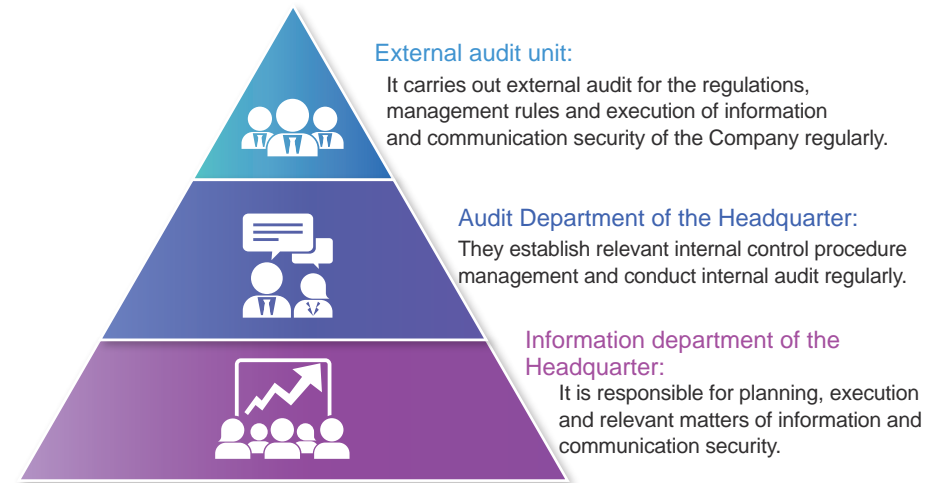
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# 3.6 Information security

## 3.6.1 Information security management structure

### Information security management structure

Work distribution management details for information security management have been specified by Johnson. As for internal information security management, the information department of the Headquarter is responsible for drawing up information and communication safety policy of the Group, planning and conducting information and communication security operation, and promoting and executing information and communication security policy. The auditing and legal affairs department are responsible for supervising internal information and communication security of the Company regularly. For any deficiency found, the unit under investigation is required to propose relevant improvement plans and make improvements immediately. Regular follow-up of improvement outcomes is executed to reduce the risk of internal information and communication security. Moreover, to ensure the outcome of information security management, we authorize a third-party external audit unit to audit the regulations, management rules and execution of information and communication security of the Company regularly. For any deficiency found, the unit under investigation is required to propose relevant improvement plans and make improvements immediately. Regular follow-up of improvement outcomes is executed to reduce the risk of information and communication security of the Company.



### Information and communication security policy regulations

Johnson cares about information and communication security. Through appropriate system planning, procedure regulations and administrative management, Johnson aims to prevent all information and communication systems from interruption, damage, intrusion or any inadequate behavior due to any factor. The purpose is to prevent internal and external threats, maintain the information and communication system security, and ensure continuous operation of the Company. The Headquarter and subsidiary of Johnson Group, the vendor for establishment and maintenance, and other authorized personnel must comply with the "Information and Communication Security Management Policy" stipulated by Johnson. Therefore, we can protect the information and communication system from improper use or sabotage, respond to emergencies such as improper use and sabotage of the information and communication system, resume operation in the shortest time possible, and mitigate possible economic harm and operation interruption brought by the emergency. In addition, to adapt to the EU GDPR (General Data Protection Regulation) rules, we authorize a third-party agency to carry out DPIA (Data Protection Impact Assessment), appoint the DPO (Data Protection Officer), and build an exclusive SAP hardware machine room in the EU region to meet information security requirements.



Information and communication security management policy

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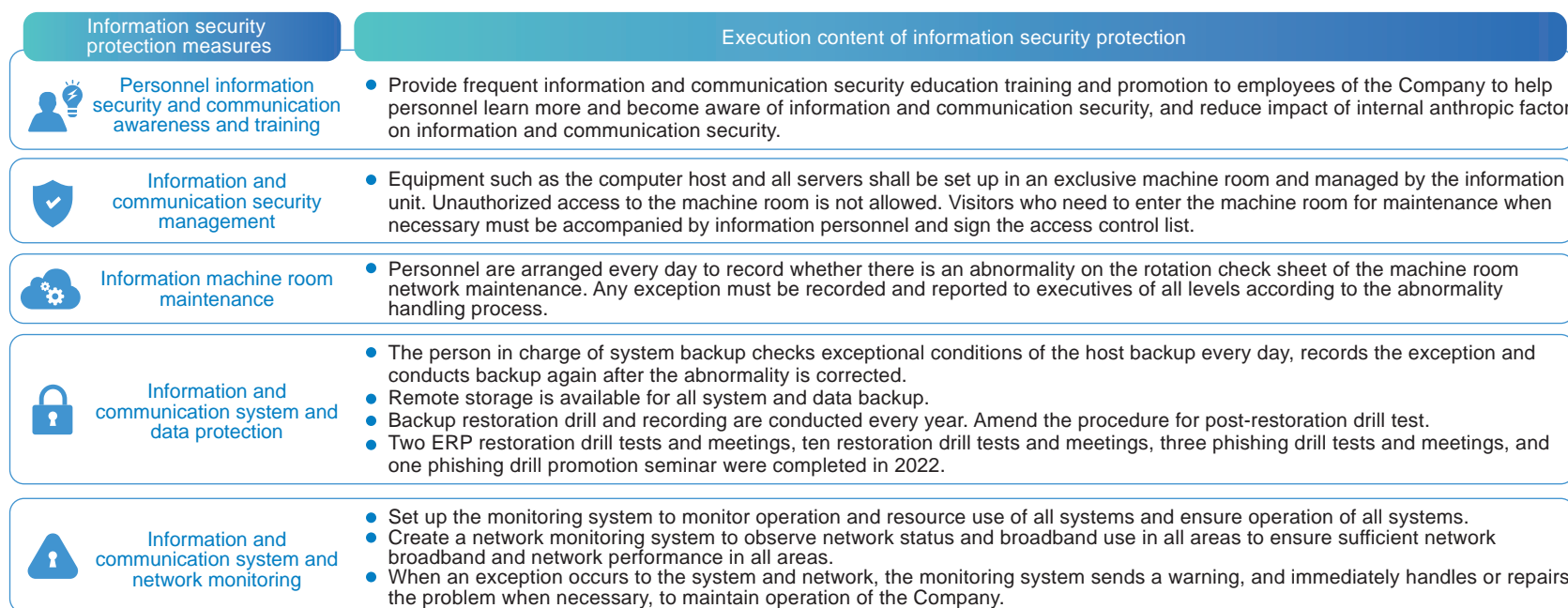


## 3.6.2 Implement information security protection 418-1

According to the “Implement Information Security Policy”, Johnson draws up numerous information security management plans to fulfill information security protection. The goal is to guarantee security of Johnson’s software, equipment and internet, and ensure continuous business operation.

### Information security protection execution measures

Numerous information security protection measures have been drawn up for information security protection by Johnson. The information department is in charge of protection. The audit unit supervises protection every year and guarantees implementation of all types of measures. Information security protection execution measures include:



### Information security incident reporting

Johnson set up the information and communication system and network monitoring system to monitor abnormality of the system automatically. A warning is sent to relevant personnel to make sure that the abnormality of the system is handled and repaired immediately. For external suspicious emails, Johnson promotes information security knowledge to require all employees to follow the Three No’s, not being tricked, not open and not to click; report to the information department, and the personnel of the information department will handle the email. There is no information breach or information security incident reported at Johnson in 2022. Besides this, the Headquarter is not the direct contact of the customer. Relevant personal customer information is managed by subsidiaries in charge of business. Therefore, no customer privacy infringement or customer data loss occurred in 2022 at Johnson.

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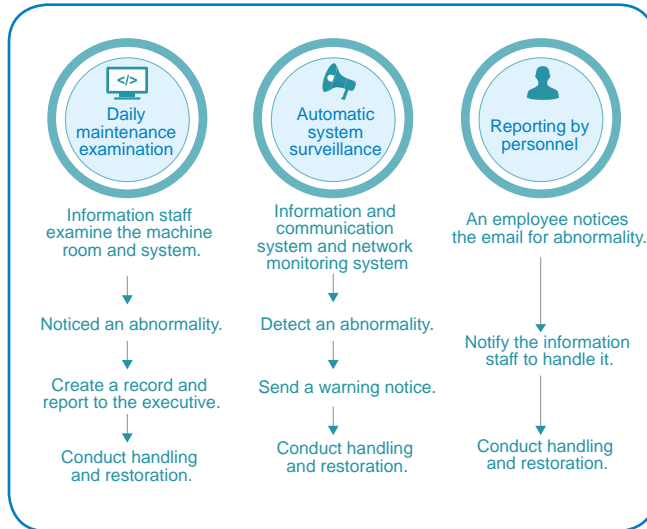
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### Information security incident reporting process



### Information security incident communication and response

Johnson’s information department is in charge of handling the information and communication security incident. It communicates with the accountable executive and staff of relevant units and proposes improvement measures. Meanwhile, the information department promotes information security to employees of the Company more to avoid recurrence. In 2022, there was no major information or communication security incident, property loss or impact on company operation due to an information security incident at Johnson.

## 3.7 Supplier management

### 3.7.1 Supplier management 2-6 2-23 2-24 205-2

As a leader in global gym product manufacturing industry, we are confident in our products and we have extremely high quality requirements. We are well aware that materials purchased from the supplier will eventually become a part of our products. Therefore, we comply with regulations and strict requirements and demand suppliers to comply with the regulations and requirements as strict as ours.

Johnson emphasizes sustainable management of suppliers. The Material Department is in charge of selection of new suppliers and regular evaluation of suppliers. By evaluating suppliers and guiding disqualified suppliers, Johnson keeps track of suppliers and reduces the risk of all suppliers. As for sustainability requirements, our regulations contain requirements in environmental, social and governance aspects. To adapt to sustainable supplier management, the “Supplier Management Team” is established to conduct appraisal and guidance and track supplier improvement regularly.

#### Supplier management regulations

To urge suppliers to increase performance in economic, social and environmental aspects, achieve the sustainable development goal, and build a sustainable supply chain with suppliers, Johnson formulated the “Supplier Management Policy” and disclosed it on the company website. Regular evaluation, management and communication with suppliers are implemented, expecting to become supplier’s partners and achieve sustainability and co-prosperity.

In addition, to comply with regulatory requirements in all regions, we demand suppliers abide by Johnson’s management rules in aspects including labor, health and safety, environment, business ethics and management system, including:

- We require suppliers stay committed to good faith and honesty, and forbid suppliers from offering or accepting any type of bribery or kickback.
- We strictly protect industrial secrets and prohibit suppliers from disclosing secrets or infringement.
- We and suppliers protect the environment and attempt to carry out environmental measures such as energy, waste and water resource improvement, and reduction of GHG emission.
- To meet environmental requirements from the international society, we require suppliers assure that materials they offer meet standards related to environmental requirements.
- We strive to prevent work injury and accident, and demand suppliers abide by health and safety regulations to make sure that suppliers are safe when they visit the factory.



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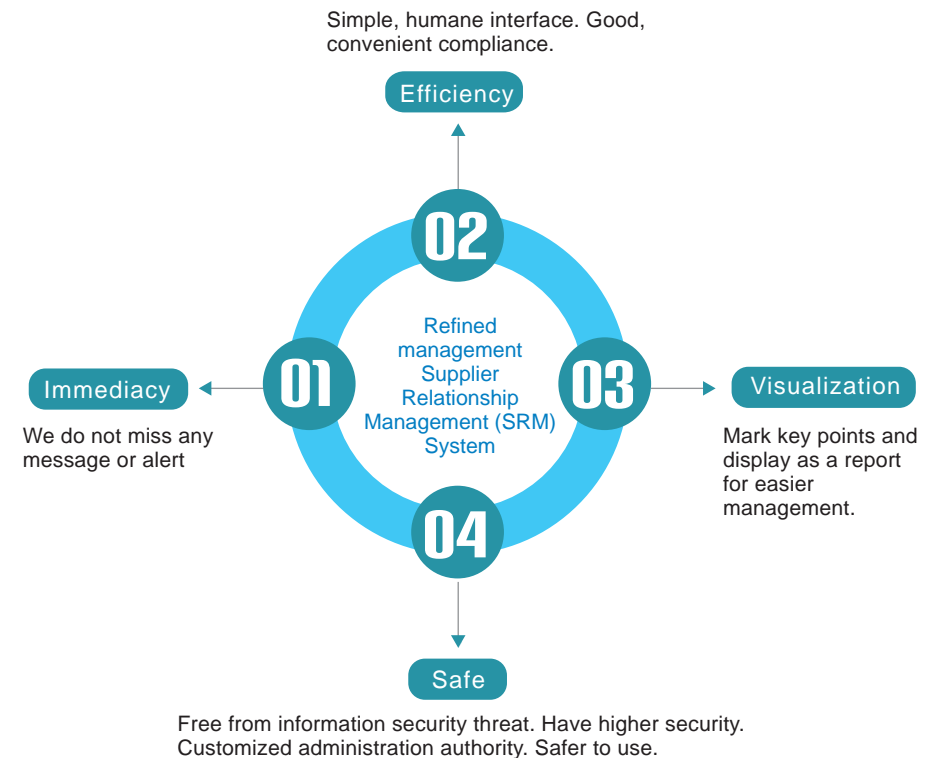
## Supplier communication

Johnson's suppliers are mostly upstream manufacturers of raw material production. There are 251 suppliers in 2022, 227 of them are domestic (90% of total suppliers) and 24 are overseas suppliers (10% of total suppliers). We require suppliers stay committed to good faith and honesty and conduct regular appraisal. No supplier corruption occurred in 2022. Communication of anti-corruption issues is as follows:

We are well aware that supplier partners are important assets for corporate sustainable development at Johnson. To achieve the ESG prospect and objective with suppliers, we maintain a great, transparent, open relationship with suppliers. By building the Supplier Relationship Management (SRM) System, we promote important standard documents and policies to suppliers, and disclose supplier appraisal results. Therefore, suppliers can find our latest announcement, communication and improvement in time, and hence we can ensure smooth communication with suppliers. Every year we hold the supplier conference, offer a communication channel, listen to and accept supplier feedback, continue to strive for progress, and improve supplier management.

Communication with suppliers on anti-corruption issues	Taiwan	Overseas	Total
Number of suppliers we communicated with	227	24	251
Total number of suppliers	227	24	251
Percentage of the suppliers we communicated with	100%	100%	100%

## Our management advantages





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## Manufacturing and outsourcing

Johnson's products are sold all over the world. To adapt to the sales of gym market in the current year, we prepare productivity in advance, and hire suppliers who will be in charge of outsourcing manufacturing depending on the needs. Manufacturing and outsourcing in 2022 are analyzed based on the number of manufacturing sites:

Number of manufacturing sites	Manufacturing sites owned and operated by Johnson	Outsource manufacturer
Quantity	11	9
Percentage	55%	45%

## Supplier risk evaluation and response

Johnson always promises customers that we guarantee product safety. We are proud of offering excellent, safe products. We are well aware that we need to work together with suppliers to guarantee product safety. Therefore, we care about risk assessment of materials from suppliers, especially management of hazardous substance and chemicals. To make sure that the materials used are safe, we require suppliers sign the letter of commitment of EU RoHS and REACH when establishing a relationship with them. Materials from the supplier must comply with the EU RoHS and REACH regulations. We promote safe material use to existing suppliers every two years. We ask suppliers to update the letter of commitment of EU RoHS and the letter of commitment of REACH. In addition, we require suppliers provide quality certification such as ISO 9001 Quality Certification, and Material Safety Data Sheet, to reduce chemical risk of material and guarantee product safety.

## Prohibition of conflict minerals

Johnson endeavors to continue to enhance risk management of the supply chain and will continue to strengthen a sustainable commitment with suppliers. The Supplier Code of Conduct has been further formulated. Requirement for human rights and commitment to human rights have been strengthened. We collaborate with suppliers to forbid the purchasing of conflict minerals, continue to increase ESG performance with suppliers, and achieve a sustainable supply chain with suppliers.

## How new suppliers sign the letter of commitment in 2022

The letter of commitment that shall be signed by the supplier	Supplier Safety and Health Management Commitment	Supplier Management Integrity Policy Declaration	Basic Trading Contract	Applicable EU REACH Commitment	Applicable EU RoHS Commitment
Signing frequency	A new supplier signs it during the first appraisal.			A new supplier provides it during selection.	
Number of new suppliers signed it	23	23	23	23	23
Percentage of new suppliers signed it	100%	100%	100%	100%	100%

## Existing suppliers signing the commitment in 2022

The letter of commitment that shall be signed by the supplier	Applicable EU REACH Commitment	Applicable EU RoHS Commitment
Signing frequency	Update every two years	
Number of existing suppliers signed it	132	133

Note 1: Since July 2019, the number of items in RoHS 2.0 regulations has been changed from six to ten. No item has been added to the regulation in 2022. The supplier who signed the commitment does not need to sign it again. Items are added to the REACH regulations every year; hence, suppliers must sign this commitment again.

Note 2: In 2022, one supplier did not completely meet Johnson's REACH commitment requirement. Therefore, Johnson sent products for inspection later on to make sure that these products met the product safety standard.



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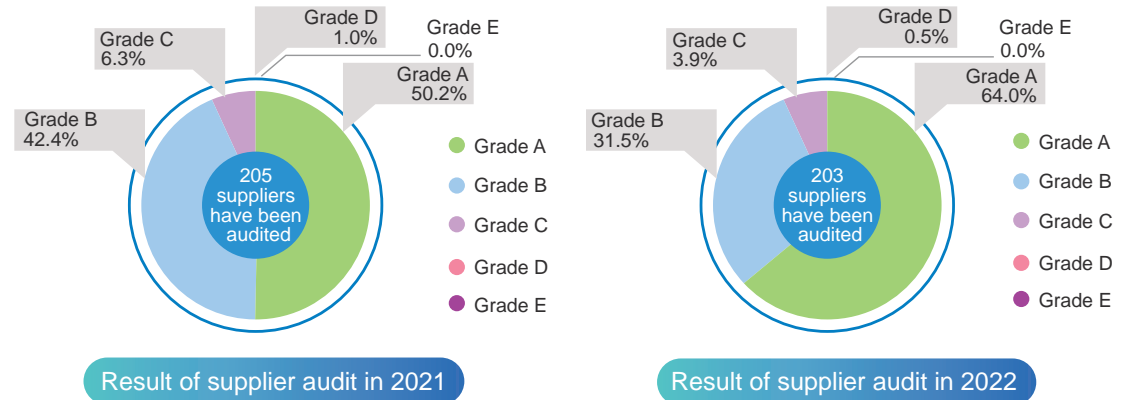
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## 3.7.2 Supplier evaluation 308-1 414-1

Suppliers are important partners to Johnson. Besides promoting to and communicating with suppliers, and regularly convening the Supplier Conference, we evaluate suppliers rigorously. During evaluation, the Materials Department, Quality Assurance Department, and Production Management Department assess factors in different aspects every month, and put suppliers into consideration comprehensively. The results are divided into Grade A, B, C, D and E. The appraisal result is announced in the supplier connection system. Furthermore, the R&D Department, Quality Assurance Department, Production Management Department and Materials Department carry out annual final appraisal at the end of the year for suppliers who trade with us in the current year, considering the average of monthly appraisal of suppliers. The improvement management mechanism has been set up for the appraisal result of the supplier in the current year. If a supplier is scored Grade E in annual final appraisal, it is on a watch list. The Materials Department asks the supplier to draw up an improvement plan and guide the supplier. If the supplier has not improved after guidance, Johnson will communicate with the supplier carefully and consider replacing the supplier.

### Supplier evaluation result

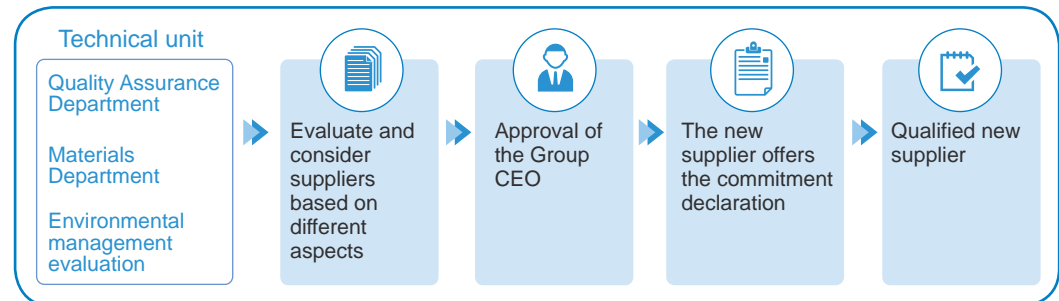
Johnson evaluates suppliers from all perspectives regularly, convenes the Supplier Conference, promotes and communicates information openly, and continues to assist suppliers in management system enhancement. The outcome of the annual final appraisal results in 2021 and 2022 is as follows. The number of Grade A suppliers is increased by 13.8%.



### Selection of new suppliers

The "Supplier Appraisal (Evaluation) Procedure" has been set up by Johnson for selection of new suppliers. The technical unit, quality assurance executive and materials executive assess competence of new suppliers comprehensively based on factors considered in different aspects and the supplier environmental management evaluation form. The Group CEO is in charge of judgement of the appraisal outcome in the end. Moreover, we require suppliers offer an Honesty Policy Declaration, Safety and Health Management Commitment, REACH Commitment and RoHS Commitment to make sure that suppliers meet Johnson's requirements in aspects including labor, health and safety, environment, business ethics and management system.

### Selection process of new supplier





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### Select new suppliers based on environmental and social standards

Supplier selection standard	Total number of suppliers	Number of suppliers selected	Percentage
New suppliers that were screened using environmental criteria	23	23	100%
New suppliers selected based on the social standard	23	23	100%

### Supplier audit mechanism

Johnson sets an audit mechanism for suppliers. Written audit is conducted for suppliers we traded with in all years. Onsite spot audit is carried out for new suppliers of the current year. Auditing in 2022 is described below:

Audit type	Number of suppliers audited	Total number of suppliers	Percentage of suppliers audited
Number of supplier's subject to written audit	251	251	100%
Number of new supplier's subject to onsite audit	12	23	52.2%

Johnson sets up improvement management mechanism for supplier audit. Considering supplier appraisal result, the supplier is notified when an abnormality is detected. The appraisal unit serves as the auditor, carries out auditing and onsite spot audit for suppliers, depending on the situation, guides suppliers for improvement, and continues to track and manage improvement. The appraisal unit completes and countersigns the supplier correction report, and records the correction in the supplier connection system.

## 3.7.3 Responsible purchase 204-1

### Procurement regulations

Johnson formulates the "Domestic and Overseas Procurement Procedure" for procurement, and conducts the procurement process via the SAP system record. The Production Management Department issues a requisition form. The Materials Department and the technical unit approve the supplier jointly. The Materials Department carries out procurement. The Production Management Department traces and expedites the material, and identifies and solves the problem.

We built a risk management procedure for supplier procurement, including paying attention to preliminary material preparation and international trend, and tracing and evaluating quality of incoming material. The Materials Department and Quality Assurance Department discuss in the meeting regularly to manage and reduce the potential risk for material.

### Green procurement

We slowly replace equipment and carry out benefit assessment of energy saving and green energy for global climate change. An energy-efficient air conditioner has been installed in the office. Level 1 energy efficiency equipment is prioritized for new equipment procurement. To respond to sustainable environmental protection, we make a rational plan for product packaging. Besides packaging reduction, Styrofoam and plastic used for product packaging is replaced with paper packaging for recycling. For employee dormitory in the factory, we discussed with the architect and considered reducing lights in building design for lighting, in order to reduce energy consumption. Green construction material is used to reduce environmental burden from construction.

### Green construction material procurement

Unit: NTD	
Item	Expense for adopting
Indoor green construction material	853,262

### Local procurement

Johnson anticipates building trust and connection with local suppliers via local procurement. Johnson supports domestic supplier suppliers via local procurement, reduces GHG emissions from international transportation, and does its own bit for Earth sustainability. Local procurement in 2022 is described below:

Unit: Million in NTD	
Item	Taiwan
Amount for local procurement (Taiwanese supplier)	1,674.75
Total procurement amount	2,348.80
Percentage of local procurement	71.3%



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# Appendix

## About this report

Thank you for reading the first sustainability report from Johnson Health Tech. We prepare and issue this report according to the GRI Universal Standards 2021 (Global Reporting Initiative) and the SASB Standards (Sustainability Accounting Standards Board). The TCFD framework (Task Force on Climate-related Financial Disclosures) is included in the report. We will issue the report in Chinese and English every year, and enhance sustainability information disclosure and information communication, to answer expectations from stakeholders.

## Reporting period and scope

This report discloses Johnson's sustainable performance and achievement in 2022 (January 1 to December 31, 2022), covering governance and economic performance, environment, and people, including impacts on their human rights information of Johnson's primary business locations. Some contents of the report are traced back to 2020 for integrity of sustainable implementation information. The financial data in this report is in line with Johnson's disclosure scope of consolidated financial statements and based on International Financial Reporting Standards (IFRSs). The financial data is in NTD. With regard to sustainability data in non-financial statements, the primary reporting scope is business activity in Taiwan. Social health covers overseas team information.

## Report basis

The unit issuing the standard	The standard complied with
The Global Reporting Initiative (GRI)	GRI Universal Standards 2021
Taiwan Stock Exchange	Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
United Nations (UN)	Sustainable Development Goals (SDGs)
Sustainability Accounting Standards Board (SASB)	Sector Standards – Toys & Sporting Goods
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD)

Note: Refer to the appendix for the chapter and page number in this report corresponding to the Reporting Principles.



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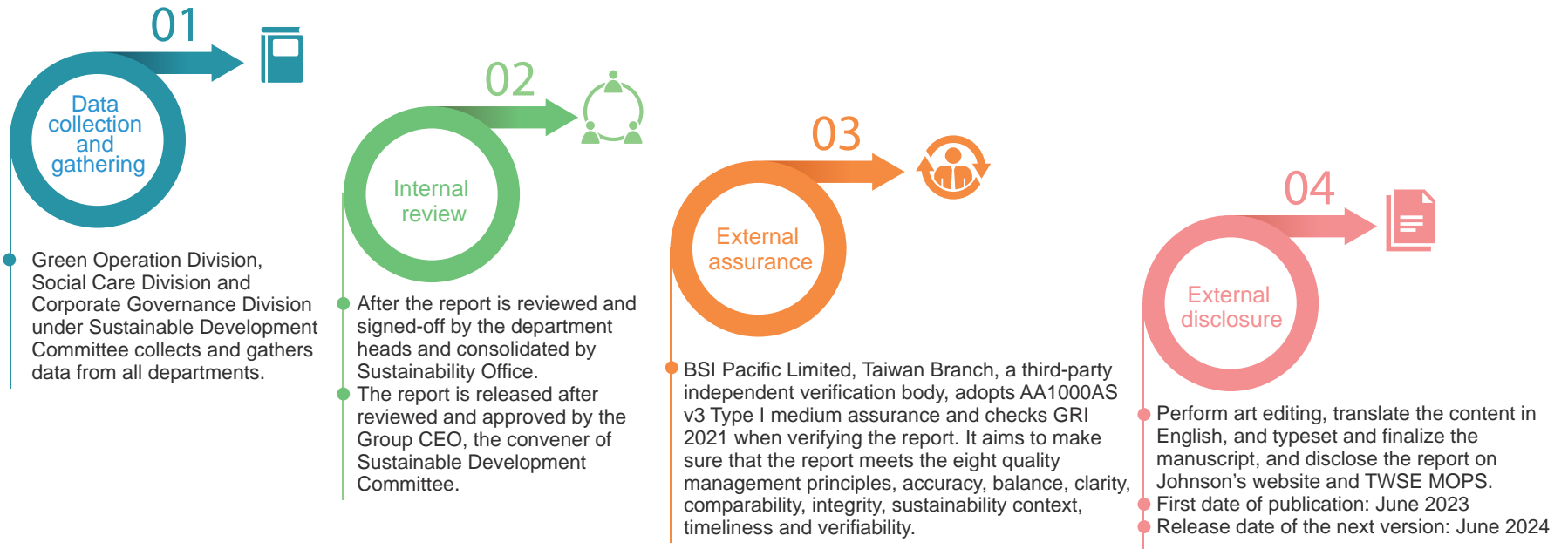
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Contact information

Thank you for reading this report. Please contact us for any concern or suggestion for this report.

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Sustainability section





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## Compliance for sustainability information disclosure

### GRI Standards index

Usage statement	Johnson Health Tech reported the content from January 1 to December 31, 2022 according to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable GRI Sector Standard was released during the reporting period of this report.

Index	Disclosure requirement	Chapter in the report	Description	Page no.
<b>GRI 2: General Disclosures 2021</b>				
<b>The Organization and its Reporting Practices</b>				
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2-3	Reporting period, frequency and contact point	Appendix		86
2-4	Restatements of information	-	Not applicable. This is the first sustainability report from Johnson.	-
2-5	External assurance	Appendix		86
<b>Activities and Workers</b>				
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2-7	Employees	2.1.2 Labor composition		46
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<b>Governance</b>				
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2-19	Remuneration policies	2.1.4 Employee benefit 3.1.2 Operation of the Board of Directors		48 71
2-20	Process to determine remuneration	2.1.3 Salary and performance appraisal 3.1.2 Operation of the Board of Directors		47 71
2-21	Annual total compensation ratio	3.1.2 Operation of the Board of Directors		71
<b>Strategy, Policy and Practices</b>				
2-22	Statement on sustainable development strategy	Words from the CEO Sustainable strategy		2 10
2-23	Policy commitments	2.3.1 Human rights policy and management 3.7.1 Supplier management		54 81



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2-24	Embedding policy commitments	Structure of sustainable development 2.3.1 Human rights policy and management 3.7.1 Supplier management		8 54 81
2-25	Processes to remediate negative impacts	2.3.1 Human rights policy and management 3.2.1 Ethical system		54 71
2-26	Mechanisms for seeking advice and raising concerns	2.3.1 Human rights policy and management 3.2.1 Ethical system		54 74
2-27	Compliance with laws and regulations	3.3.1 Compliance management		75
2-28	Membership associations	-	Not applicable. Johnson has not joined the public authorities.	-
<b>Stakeholder engagement</b>				
2-29	Approach to stakeholder engagement	Stakeholder communication		18
2-30	Collective bargaining agreements	-	Not applicable. Johnson has no collective bargaining agreements.	-

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<b>Material topic</b>				
<b>GRI 3: Material topics 2021</b>				
3-1	Process to define material topics	Materiality analysis		20
3-2	List of material topics	Materiality analysis	The Report is Johnson's first sustainability report; hence it is not compared to the one for last year.	20
<b>Economic performance</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
201-1	Direct economic value generated and distributed	Financial performance		7
201-4	Financial assistance received from government	Government subsidy		7

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<b>Market presence</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
202-2	Proportion of senior management hired from the local community	2.1.2 Labor composition Appendix		46
<b>Anti-corruption</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
205-1	Operations assessed for risks related to corruption	3.2.1 Ethical system		74
205-2	Communication and training about anti-corruption policies and procedures	3.2.1 Ethical system 3.7.1 Supplier management		74 81
205-3	Confirmed incidents of corruption and actions taken	3.2.1 Ethical system		74
<b>Anti-competitive behavior</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	3.2.1 Ethical system		74
<b>Employment</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
401-1	New employees hires and employee turnover	2.1.1 Talent recruitment		45
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2.1.4 Employee benefit		48
401-3	Parental leave	2.1.4 Employee benefit		48
<b>Education training</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
404-3	Percentage of employees receiving regular performance and career development reviews	2.1.3 Salary and performance appraisal		47

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<b>Diversity and equal opportunity</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
405-1	Diversity of governance bodies and employees	2.1.2 Labor composition 3.1.2 Operation of the Board of Directors		46
405-2	Ratio of basic salary and remuneration of women to men	2.1.3 Salary and performance appraisal		47
<b>Customer health and safety</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
416-1	Assessment of the health and safety impacts of product and service categories	1.2.1 Product quality management		30
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	This did not happen in 2022.	-
<b>Marketing and labeling</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
417-2	Incidents of non-compliance concerning product and service information and labeling	-	This did not happen in 2022.	-
417-3	Incidents of non-compliance concerning marketing communications	-	This did not happen in 2022.	-
<b>Customer privacy</b>				
3-3	Management of material topics	Sustainable development goal Materiality analysis		11 20
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3.6.2 Implement information security protection	This did not happen in 2022.	-



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<b>Economic indicators</b>				
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	3.7.3 Responsible purchase		85
GRI 207: Tax 2019				
207-1	Approach to tax	3.4.1 Tax policy		76
<b>Environmental indicators</b>				
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	1.5 Energy management		40
302-3	Energy intensity	1.5 Energy management		40
302-4	Reduction of energy consumption	1.5 Energy management		40
GRI 303: Water and effluents 2018				
303-3	Water withdrawal	1.6 Water resource management		41
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	1.4.2 Greenhouse gas emission management		39
305-2	Energy indirect (Scope 2) GHG emissions	1.4.2 Greenhouse gas emission management		39
305-4	GHG emissions intensity	1.4.2 Greenhouse gas emission management		39
GRI 306: Waste 2020				
306-3	Waste generated	1.7 Waste management		42
306-5	Waste directed to disposal	1.7 Waste management		42
GRI 308: Supplier environmental assessment 2016				
308-1	New suppliers that were screened using environmental criteria	3.7.2 Supplier evaluation		84



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People (including impacts on their human rights) indicators				
GRI 402: Labor/Management relations 2016				
402-1	Minimum notice periods regarding operational changes	2.3.2 Employee communication and satisfaction		56
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	-	This did not happen in 2022.	
GRI 414: Supplier social assessment 2016				
414-1	New suppliers that were screened using social criteria	3.7.2 Supplier evaluation		84

## SASB Content Index

From 11 sectors and 77 industries in SASB Materiality Map of SASB Content Index, Johnson selected adequate metrics for disclosure considering the operating activity of the corporation and referring to the suggestion from competent authorities:

- Sector: Consumer Goods
- Industry: Toys & Sporting Goods

Topic	Indicator code	Accounting metrics	Data in 2022	Chapter in the report	Page no.
Chemical and safety hazards of product	CG-TS-250a.1	Number of recalls	0	1.2.1 Product quality management	30
		Total units recalled	0	1.2.1 Product quality management	30
	CG-TS-250a.2	Number of Letters of Advice (LOA) received	0	1.2.1 Product quality management	30
	CG-TS-250a.3	Total amount of monetary losses as a result of legal proceedings associated with product safety	NT\$0	1.2.1 Product quality management	30
	CG-TS-250a.4	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	-	1.2.2 Hazardous substance management	31
Activity metrics	CG-TS-000.A	Annual production	124,612 goods	-	-
	CG-TS-000.B	Number of manufacturing facilities and percentage of outsourcing	45%	3.7.1 Supplier management	81

Note 1: Scope of disclosure includes the Head Office and all factories in Taiwan.



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## Comparison table of Task Force on Climate-related Financial Disclosures (TCFD) framework

Aspect	Disclosure item	Chapter in the report	Description	Page no.
Governance	Supervision and governance of climate-related risk and opportunity by the Board of Directors and management level.	Structure of sustainable development 1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		8 33
	How identified climate risks and opportunities affect the corporate business, strategy and finance (short term, mid term and long term).	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		33
Strategy	How extreme climate incidents and transformation action affect finance.	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		33
	If using scenarios to analyze and evaluate resistance to climate change risk, the scenario used, parameter, assumption, analysis factor and major financial impact shall be described.	-	Expect to use scenario analysis to evaluate resilience to climate change risk starting from next year.	-
Risk management	How identification, evaluation and management process of climate risk are blended into the overall risk management system.	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		33
Metrics and Targets	GHG inventory and assurance.	1.4.2 Greenhouse gas emission management		39
	If a climate-related goal has been set, activity, GHG emission scope, planning schedule, and annual progress shall be described. If carbon offset or Renewable Energy Certificates (RECs) used has reached a relevant goal, the source and quantity of offset carbon credit or the quantity of renewable energy certification shall be described.	-	Expect to plan to set a climate-related goal after acquiring third-party verification for GHG inventory. Carbon offset or renewable energy certificate has not been used for now.	-
	If there's a transition plan adapting to climate-related risk management, describe the content of the plan, and the metrics and goal used for physical risk identification and management, and metrics and goal of transition risk.	1.4.1 Task Force on Climate-related Financial Disclosures (TCFD)		33
	If internal carbon pricing has been used as the planning tool, the pricing foundation shall be explained.	-	Johnson has not used internal carbon pricing yet.	-

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## INDEPENDENT ASSURANCE OPINION STATEMENT

### 2022 Johnson Health Tech. Sustainability Report

The British Standards Institution is independent to Johnson Health Tech. Co., Ltd. (hereafter referred to as Johnson in this statement) and has no financial interest in the operation of Johnson other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Johnson only for the purpose of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Johnson. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Johnson only.

#### Scope

The scope of engagement agreed upon with Johnson includes the followings:

1. The assurance scope is consistent with the description of 2022 Johnson Health Tech. Sustainability Report.
2. The evaluation of the nature and extent of the Johnson's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

#### Opinion Statement

We conclude that the 2022 Johnson Health Tech. Sustainability Report provides a fair view of the Johnson sustainability programmes and performances during 2022. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the Johnson and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate Johnson's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Johnson's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

#### Methodology

- Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:
- a review of issues raised by external parties that could be relevant to Johnson's policies to provide a check on the appropriateness of statements made in the report.
  - discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
  - 18 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
  - review of key organizational developments.
  - review of the findings of internal audits.
  - review of supporting evidence for claims made in the reports.
  - an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

#### Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

#### Inclusivity

This report has reflected a fact that Johnson has sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been initiated in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Johnson's inclusivity issues.

#### Materiality

Johnson publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Abbreviation and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Johnson's management and performance. In our professional opinion the report covers the Johnson's material issues.

#### Responsiveness

Johnson has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for Johnson is developed and continually provides the opportunity to further enhance Johnson's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Johnson's responsiveness issues.

#### Impact

Johnson has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Johnson has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the Johnson's impact issues.

#### GRI Sustainability Reporting Standards (GRI Standards)

Johnson provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Johnson's sustainability topics.

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

The sustainability report is the responsibility of the Johnson's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

#### Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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2023-05-11

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